Daily Report

Latin America

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FBIS-LAT-91-212 *1 November 1991*

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River Plate Basin Conference Resolutions

PY3110151891 Asuncion HOY in Spanish
31 Oct 91 p 10

[Text] The foreign ministers attending the River Plate Basin meeting signed resolutions yesterday afternoon at the end of their deliberations. As reported yesterday, the Paraguayan delegation presented four resolution projects, three of which were proclaimed without modification.

Acting Foreign Affairs Minister Eduardo Mezzera of Uruguay was asked about the river waterway project. He said: "The River Plate is a physical part of the Paraguay-Parana Rivers waterway, which makes it impossible to exclude it from the system." The Uruguayan diplomat thus asserted that the Parana River Basin must, sooner or later, form part of the river navigation system known as the "Paraguay-Parana Rivers Waterway; Port of Caceres, Port of Nueva Palmira."

The resolutions twice confirm Mezzera's assertion: Resolution 238 establishes the following:

1. "The Paraguay-Parana Rivers Waterway; Port of Caceres, Port of Nueva Palmira must be incorporated into the River Plate Basin Treaty. Such incorporation will be made through the Intergovernment Waterway Committee [Comite Intergubernamental de la Hidrovia—CIH].

2. To form an ad-hoc group (for this special purpose) coordinated by the foreign ministers of the member countries to prepare within a 60-day period a legal formula to incorporate the CIH as a part of the system."

According to Resolution 239, the committee will "propose necessary measures to make the financial and administrative aspects of the system more efficient and dynamic as well as to further complement its objectives within regional integration budgets." This point (which is No. 2) of the resolution will allow the CIH to study the possibility of including the River Plate as part of the basin treaty.

Ten [as published] other resolutions were passed during the foreign ministers' conference:

Resolution 231 approves the report drawn up by the CIH which coordinates the treaty and "congratulates it (the committee) for its task."

Resolution 232 approves "the general evaluation, initiatives, and recommendations for the Program of Concrete Actions."

Resolution 233 approves the "methodological study for evaluating and controlling water quality in the River Plate Basin."

Resolution 234 on the signaling and marking with buoys of the navigable rivers of the basin.

Resolution 235 on individual studies of the sub-basins.

Resolution 236 on water quality in the basin and pesticide control.

Resolution 237, also on water quality as related to the creation of a system to notify about contamination incidents.

Resolutions 238 and 239, which have already been mentioned.

Resolution 240, on land transportation, declares "the paving of the Mariscal Estigarribia-Pozo Hondo and Mariscal Estigarribia and Sargento Rodriguez-Boyuibe roads to be of priority interest [no closing quotation marks as published].

Resolution 241, on the natural iron and steel resources empowers the CIC [expansion unknown] to negotiate regional technological cooperation agreements in the metalworks field.

Resolution 242, on the Pilcomayo River project, declares the execution of the maintenance works of the upper and lower basins of the mentioned river to be of priority interest.

Resolution 243 declares the signing of the River Transportation Agreement by all member countries to be of priority interest.

The exclusion of one of the proposals made by the Paraguayan delegation was owed—according to a reliable source—to the fact that it was "reiterative in requesting, among other things, technological and credit support from the EEC, because three other resolutions made the same request." It is, however, not clear why the three other resolutions have not yet been implemented.

Conference Ends, Ministers Depart

PY0111120491 Asuncion PATRIA in Spanish
1 Nov 91 p 7

[Excerpt] After a day dedicated to integration that was highly positive for the southern cone, the foreign ministers returned to their respective countries during the morning of 31 October.

Bolivian Foreign Minister Carlos Iturralde left early, followed later in the morning by the Brazilian, Uruguayan, and Chilean foreign ministers [Francisco Rezek, Eduardo Mezzera, and Enrique Silva Cimma, respectively].

Argentine Foreign Minister [Guido Di Tella] left during the night of 30 October.

All the visiting personalities were warmly and cordially seen off with military honors by Foreign Minister Alexis Frutos Vaesken at the Silvio Petirossi International Airport. [passage omitted]

Bolivia To Cooperate With Pilcomayo Project

PY3010203091 Asuncion ULTIMA HORA in Spanish 29 Oct 91 p 13

[Text] Bolivian Foreign Minister Carlos Iturralde Ballivian has not ruled out Bolivia's cooperation in the investigations and tasks designed to recover the Pilcomayo River. He pointed out that the Bolivian Government is engaged in a project to meet this objective. He said this after meeting with President Andres Rodriguez at Government Palace today.

Iturralde stated that bilateral relations have greatly improved in the past two years and that there are good prospects to strengthen them even more in the future.

He said: "Bilateral relations undoubtedly have improved in the past two years and we think that they will be strengthened even more, which is a fact that will be very important for the two countries."

He noted that the Bolivian Government is currently engaged in the implementation of the so-called Islas Project, which is designed to recover and change the course of the Pilcomayo River, which is a task that has demanded a large financial investment. He said: "This is a matter that I analyzed with Paraguayan Foreign Minister Alexis Frutos Vaesken. We think that Paraguay, Argentina, and Bolivia should make a common effort to try to solve this problem."

It has been reported that Iturralde was awarded the National Order of Merit in the grade of Grand Cross. After the decoration ceremony, the two foreign ministers signed three agreements on mutual assistance in the antidrug struggle, tourism promotion, and technical cooperation.

During a ceremony to be held at the Bolivian Embassy, Iturralde will decorate Frutos Vaesken with the Order of Los Andes in the grade of Grand Cross on behalf of the Bolivian Government.

Costa Rica Rejects TIAR Proposal for Area

PA3110221591 Mexico City NOTIMEX in Spanish 1633 GMT 29 Oct 91

[Report by correspondent Wilfredo Chacon]

[Text] San Jose, 29 Oct (NOTIMEX)—OAS military personnel have proposed here the application of the Inter-American Reciprocal Assistance Treaty (TIAR) in Central America, but Costa Rica rejected the initiative.

Costa Rican Government and Public Security Minister Luis Fishman rejected the offer "because it is not applicable" to any of the current problems in Central America or Latin America.

The TIAR can be applied only when there is a foreign attack on a country, but it is not valid in the case of an internal conflict such as the ones in El Salvador and Guatemala.

The minister said these problems must be dealt with by each country, and maybe those of the same region.

Fishman said that "the cooperation of the Inter-American Defense Board is welcome, but the Rio Treaty is not" due to the reasons he mentioned.

The members of the Inter-American Defense Board (IADB), created by the OAS in 1942 to preserve peace in the continent, offered the organization's services to Central America on 28 October.

Forty of the continent's highest ranking soldiers met in Costa Rica with Fishman to analyze their possible collaboration to solve the problems that persist in the area.

From Fishman's point of view the IADB's support could be interesting to favor "solving our problems ourselves."

The minister said that Central America desires peace after living with conflicts for dozens of years and seeks to join together for purposes of development. He added that Costa Rica offers its neighbors all its experience to help them live in democracy and freedom and to create a peaceful atmosphere without imposing any conditions.

Among the participants in the meeting with Fishman were General Bernard Loeffke from the United States, Vice Admiral Antonio Delgado from Venezuela, Air Force Brigadier Carlos Barboza from Brazil, and General Fernando Silva Corvalan from Chile.

Also present were Lieutenant Colonels Ramon Ortega, Anastasio Garcia, and Juan Castillo, from Mexico.

Fishman had breakfast with Nicaraguan Defense Minister Gen. Humberto Ortega before his meeting with the IADB High Command. He informed the military group of the matters discussed during that meeting.

According to Fishman, they discussed matters concerning the need to coordinate actions on regional security.

Fishman stressed to the IADB High Command that the first step toward resolving Latin American problems should be implemented in Central America which, because of its conditions, could serve as a pilot plan.

Fishman told the military leaders that countries that gave Costa Rica unnecessary military assistance for decades committed a "historical mistake," because that country does not have an army today." [quotation marks as received]

For example, he said, the organization that was recommended for Costa Rica maintained policemen confined to their barracks, while people in the cities were left without protection.

Fishman said that he hopes Central America will accept the IADB's cooperation within an integration project for the area's police forces to coordinate actions to control drug trafficking, contraband, immigration, and related areas. No agreement was reached.

During the meeting, some military leaders recalled events that occurred 10 years ago, which cast doubts on Costa Rica's neutrality during the Nicaraguan war.

Fishman clarified that the "contras" received a great deal of cooperation during the government of Luis Alberto Monge, from 1982 to 1986.

Monge's government received 1 million [currency not specified] a day during that period (almost $200 million in four years) in U.S. aid for the country's development, according to Fishman, who as deputy was a member of a commission that investigated drug and arms trafficking in Costa Rica.

That situation changed to a great extent under the administration of Oscar Arias from 1986 to 1990, and stopped with the current government that assumed power on 8 May 1990, whose term will end in 1994.

The current government's policy is one of absolute respect for its neighboring countries, Fishman stressed.

He added that even top U.S. military and diplomatic representatives implicated in the so-called Iran-Contra scandal who involved Costa Rica in arms trafficking for the anti-Sandinists have been denied entry into the country.

Fishman recalled that when the IADB was created in Rio de Janeiro (Brazil) in 1942, the threat of an atomic war persisted in the world.

After the war and amid the strong bipolarity that prevailed at that time, Costa Rica, a small Central American country, courageously took a step forward toward bilateral disarmament and placed its confidence in law and collective defense mechanisms, he added.

Fishman asked the military representatives to make a reality Pascal's words proposing an international community ruled "by the force of reason, and not by the reason of force."

Rio de Janeiro Named Seat of Arbitration Court

PY3110231691 Asuncion NOTICIAS in Spanish 31 Oct 91 p 9

[Excerpts] An agreement establishing the city of Rio de Janeiro as the seat of the arbitration court, specifically the Inter-American Juridical Committee, was signed on 30 October at the Brazilian Embassy in Asuncion with the participation of Brazilian Foreign Minister Francisco Rezek, Argentine Foreign Minister Guido Di Tella, and Chilean Foreign Minister Enrique Silva Cimma. The committee will mediate the line of the Argentine-Chilean border between border marker 62 and Fitz Roy Mountain. [passage omitted]

The signing of the agreement, which took place during the afternoon of 30 October, was based on the Argentine-Chilean presidential declaration on borders that was signed on 2 August 1991 by Presidents Carlos Menem and Patricio Aylwin. [passage omitted]

Rights Group Welcomes Belize, Guatemala Warming

FL2610030791 Bridgetown CANA in English 2221 GMT 25 Oct 91

[Text] Bridgetown, Barbados, Oct 25, CANA—Caribbean Rights has welcomed, as a very healthy development in hemispheric relations, Guatemala's recognition of the political independence of Belize. The Barbados-based regional human rights network has expressed its sentiments in separate cabled messages to Prime Minister George Price of Belize and President Jorge Serrano of Guatemala.

Caribbean Rights welcomed the new development in Belize-Guatemala relations in accordance, it said, with its own recognition "of a people's right to self-determination and the inviolability of political and territorial sovereignty."

Guatemala's formal recognition in September of Belize's independence, which came 10 years ago in September 1981 from Britain, has led to a series of official activities between the two governments in the Central American region. Prime Minister Price is expected to pay an official visit to Guatemala by month end. There have already been meetings between the foreign ministers of both countries relating to trade and economic matters.

Caribbean Rights has also expressed the hope that the two neighbouring countries would speedily find a solution to "outstanding issues resulting from Guatemala's territorial claim against Belize." The eight-member regional human rights body told both Prime Minister Price and President Serrano of its own concern that their governments "desist from policies and practices that could result in violations of the fundamental rights of their citizens."

Andean Pact Labor Ministers Conference Begins

PY2910124491 La Paz Television Boliviana Network in Spanish 0200 GMT 29 Oct 91

[Excerpt] A meeting of labor ministers of the Andean Pact member countries began today in La Paz seeking to strengthen the Simon Rodriguez agreement. With the presence of the labor ministers of Colombia, Ecuador, Peru, Venezuela, and Bolivia, this conference seeks to materialize the principles and objectives of the Quito Declaration issued during the first conference of Andean Pact labor ministers. According to Ecuadoran Labor Minister Roberto Gomez, the declaration was issued under the sole premise that integration is an important factor for the development of the member countries. [passage omitted]

Cuba

Castro's Daughter Reportedly Wants To Leave

PA0111132891 Madrid EFE in Spanish 1053 GMT 1 Nov 91

[Text] Stockholm, 1 Nov (EFE)—A Cuban doctor who lives in Sweden has received a request from Alina Fernandez Revueltas, Fidel Castro's daughter, asking for help to leave the island.

Dr. Alfredo Garcia Santamarina, who 11 months ago was granted political asylum in Sweden, is "a personal friend" of Alina, who has been denied permission by Cuban authorities to leave, the doctor told Radio Sweden today.

Castro's daughter, who has been under house arrest for years, "suffers from nervous depression" and was treated for anorexia in a hospital in Havana.

Dr. Garcia believes that all of her ailments "stem from her struggle" against the Cuban regime, which she "openly criticizes."

Garcia learned of Alina's situation in a letter dated September, which he received 29 October. The letter was sent to him through "diplomatic contacts" in Havana.

Castro's daughter asks Garcia "to make efforts in the Swedish capital" to get her off the island.

In Garcia's opinion, Alina receives such treatment, despite the fact that she is the Cuban leader's only daughter, because "he is afraid of what she might reveal."

The Cuban doctor, who was granted asylum in Sweden, presented the case before Amnesty International and the Human Rights Committee in Stockholm, which will present the case to the Swedish Government.

Text of Draft Resolution To End U.S. Embargo

FL3110215891 Havana Radio Rebelde Network in Spanish 1255 GMT 31 Oct 91

[Text] A draft resolution to end the U.S. economic, trade, and financial blockade against Cuba is being circulated among the delegations attending the 46th UN General Assembly. The resolution will be put to a vote on 4 November. According to a PRENSA LATINA dispatch the resolution reads as follows:

To the General Assembly:

A. Reaffirming the purpose of the United Nations to promote among countries relations of friendship based on respect for the principle of equal rights and on the people's right to self-determination, and to adopt other appropriate measures to strengthen universal peace.

B. Recalling UN Resolution Number 2131 of 21 December 1965, which contains a declaration on the unacceptability of intervention in internal affairs of states and the protection of their independence and sovereignty which, among other things, establishes that no state should use or encourage the use of economic, political, or other measures with the intention of coercing other states in an attempt to prevent it from exercising its sovereign rights;

C. Likewise, recalling UN Resolution 2625 of 24 October 1970, which contains the declaration on principles of international law referring to friendship relations and cooperation among states in accordance with the UN Charter and, among other things, confirms the right of all states to refrain from using military, political, economic, or other forms of coercion in international relations directed against the political independence and territorial integrity of any other state;

D. Reiterating UN Resolution 36103 of 9 December 1981, which contains a declaration on the unacceptability of intervention and interference in internal affairs of states that among other things, states that the duty of states in conducting international relations is to refrain from adopting measures that could be construed as interference or intervention in internal or external affairs of another state, including retaliatory measures or multilateral or unilateral economic blockades as a form of political pressure or coercion against another state in violation of the UN Charter;

E. Considering that for more than 30 years a true economic, commercial, and financial blockade has been sustained against Cuba that harms the Cuban people and injures the sovereignty of this and other countries;

1. Declares that this policy contradicts the principles established in the UN Charter and international laws;

2. Reaffirms the need to end this policy and in this regard urges the immediate termination of the corresponding measures and actions;

3. Invites the international community to give Cuba the necessary cooperation to mitigate the consequences of this policy;

4. Asks the secretary general to report on the presentation of this resolution to the 46th period of sessions of the UN General Assembly;

5. Requests that this matter be included on the provisional agenda of the 46th UN General Assembly.

Friends, this is the draft resolution calling for the termination of the U.S. economic, commercial, and financial blockade against Cuba which is being circulated at the UN headquarters among the attending delegations to the 46th period of sessions of the UN General Assembly.

U.S. Efforts To Obstruct UN Debate Noted

FL3110182791 Havana Radio Rebelde Network in Spanish 1255 GMT 31 Oct 91

["Our Opinion" commentary by Orlando Contreras]

[Text] Since early this morning, Dianelis Garcia, our colleague in the teletype studio, has been providing updates on a dispatch datelined the United Nations, signed by PRENSA LATINA special correspondent Geraldo Cesar, in reference to a U.S. document urging UN members to disregard the debates on the Cuban draft resolution outlining the need to end the U.S. blockade against Cuba. This debate is scheduled to be held next week.

The report cites Cuban sources at the United Nations who validate the authenticity of the U.S. document, which has also been sent to U.S. diplomatic missions for their information.

The existence of the document has not been denied by Washington or other subordinate U.S. sources, but neither have they made any reference to it. Due to its extensive circulation, however, many close friends of Cuba have seen it, making it impossible to doubt the document's existence.

As you know, the international community represented in the UN General Assembly agreed in August to include in the agenda of the current session the Cuban proposal, which emphasizes the need to end the blockade against our country. The technical and political reasons used by the United States to obstruct the inclusion of the topic on the agenda is that the United States is sustaining an embargo against Cuba, not a blockade.

An embargo is a partial suspension of trade between two nations, as determined by one of the two countries. A blockade is a complete severing of economic and financial relations, affecting not only the country against which the blockade is directed, but also intensifying the effects of the severence by coercing third countries to participate in curtailing the trade and financial activities of the nation affected. At least this is the definition, give or take a few words, to which UNCTAD [United Nations Conference on Trade and Development] subscribes.

It is so obviously a blockade, not an embargo, which is being imposed against Cuba that countries allied with the United States, such as the UK and Canada to name only two, have declared that they cannot condone a third country's attempts to exercise control over their own trade relations with Cuba.

On the other hand, a few years ago Republican Senator Patrick Moynihan was able to persuade Congress to approve a punitive resolution against countries that voted at the United Nations for issues which Washington opposed. It is to be recalled that Moynihan was also the U.S. ambassador to the United Nations. Futhermore, important West European companies have been threatened with loss of the U.S. market if they buy Cuban nickel. The same has occurred with known European cigarette and tobacco factories.

More than once the United States has exerted pressure on subsidized U.S. companies, arguing that in accordance with international law and national sovereignty, they must respect the laws of that country in which they operate. One of their latest, though unsuccessful, efforts was proposed by Senator Mack. It is said that another congressman, Torricolli, is trying to do the same.

The U.S. blockade against Cuba has cost us billions of dollars. Not only has it harmed Cuba, it has also harmed U.S. businesses. Under the fairest and most objective analysis, the blockade is a remnant of the cold war; a stubborn attempt to impose a policy through economic strangulation without the cooperation of the international community.

The U.S. document, which we have refered to, insists that Cuba is an exporter of subversion, revolution, etc., etc., etc. This was not the perception of the Ibero-American countries when they met in July in Guadalajara, Mexico. This was not the perception of the presidents of the Group of Three, who in their Cozumel declaration praised Cuban efforts to find a peaceful solution to the crisis in Central America.

U.S. intentions to impose, at all costs, its own political and economic system is a violation of the UN Charter that calls for respect for the principles of self-determination and sovereignty. From a more practical viewpoint, this reflects an outdated mentality, a language so obsolete and reminiscent of the Cold War that it has nothing to do with the times in which we live, at least in Latin America.

Government Requests Delay in Blockade Debate

FL3110221791 Havana Radio Reloj Network in Spanish 2032 GMT 31 Oct 91

[Text] Today, Cuba asked the UN General Assembly to postpone the debate on the 30-year-old blockade imposed by the United States against our country. A source from the Cuban mission to the United Nations told PRENSA LATINA that it was decided to request the postponement of the debate on this issue because the process of consultation with several members of the United Nations has not been completed.

The United States has pressured several countries to block the debate claiming it is a bilateral affair. This argument has been rejected by Cuban authorities. The UN debate on this issue was scheduled to take place on 4 November. The Cuban mission decided to request that the date of the debate be moved up to 13 November.

Generals Colome, Rosales Host Pioneer Party

FL0111022291 Havana Radio Rebelde Network in Spanish 0000 GMT 1 Nov 91

[Excerpt] The Revolutionary Armed Forces [FAR] Central Headquarters was decked in its best finery to give a friendly welcome to the delegates of the First Pioneer Congress. This large festivity was the homage that the combatants of the FAR and the Minint [Ministry of the Interior] rendered to the members of the younger generation. Army Corps General Abelardo Colome Ibarra, Division General Ulises Rosales del Toro, and many other FAR chiefs and leaders were in attendance. The event started with a political ceremony, followed by a big party for all the children. There were boats, gymnastic exhibitions, magicians, clowns, and gifts. It was an all out celebration throughout every corner of the headquarters building. [passage omitted]

'New Era' in Mexican Economic Ties Reported

FL3110234891 Havana Radio Reloj Network in Spanish 2056 GMT 31 Oct 91

[Text] This morning, in the Solidarity Hall at the Havana Libre Hotel, the Chamber of Commerce of the Republic of Cuba and the National Chamber of Manufacturers of Mexico, Canacintra, signed a cooperation agreement. The agreement was signed by Canacintra President Roberto Sanchez de la Vara and Cuban Chamber of Commerce President Julio Garcia Olivera. The document was signed in the presence of Cuban Foreign Trade Minister Ricardo Cabrisas and Mexican Ambassador Mario Moya Palencia. Moments earlier, in the same hall, the ninth session of the Cuban-Mexican Entrepreneurial Committee had started. The committee will end its meetings tomorrow afternoon with an exchange of trade related proposals and projects. The Mexican committee is headed by engineer Marcos Durante and the Cuban committee is headed by Medicuba official Orlando Romero.

Foreign Trade Minister Ricardo Cabrisas, said during the opening of the ninth session of the Cuban-Mexican Entrepreneurial Committee that this meeting constituted a great step toward full compliance with the Guadalajara Summit accords. He also rendered a fraternal homage to Mexico for its perpetual solidarity with the Cuban Revolution. Cabrisas pointed out the important resolutions of the Fourth Communist Party of Cuba Congress dealing with Latin American integration and economic policies. Mexican Ambassador Mario Moya Palencia said that this meeting of Mexican and Cuban entrepreneurs opens a new era in economic relations to promote and strengthen the fraternal and productive friendship between the two countries. The president of Canacintra, Roberto Sanchez de la Vara, made similar statements and expressed his hope for the success of the meetings.

Castro Encourages Foreign Investment

PA0111005791 Mexico City NOTIMEX in Spanish 1914 GMT 31 Oct 91

[Text] Havana, 30 Oct (NOTIMEX)—Cuban President Fidel Castro guaranteed Mexican businessmen on 30 October the safety of their investments in mixed enterprises and ratified a preferential treatment for investments from Latin America.

The Cuban president and Roberto Sanchez, president of the National Chamber of Manufacturers (Canacintra), spoke for almost three hours of the preferences the Cuban Government provides for foreign capital.

The leader of the Mexican businessmen agreed that in spite of the historical ties between Mexico and Cuba, other countries have moved ahead of Mexico, but assured that Mexican enterprises will be more aggressive and intelligent in investing in Cuba.

"Commander Fidel Castro has ratified the ties of friendship and brotherhood that have always existed between the Mexican and Cuban peoples, thus, he is very interested that Mexican investments may have their place in Cuba," said Roberto Sanchez de la Vara during an improvised interview.

Sanchez said that after so many years of "relations in solidarity," Mexican businessmen must invest in the island. He then clarified, "however, this participation does not depend so much on the openness and guarantees of the Cuban Government, but on the imagination, impetus, and tenacity of the Mexican businessman."

In 1982, the Cuban Government decided to accept foreign private capital through law Decree No. 50.

However, it was only after the formerly socialist countries of Eastern Europe collapsed that the Cuban leadership started to encourage foreign investment in sectors of the island's economy, particularly in tourism.

The Fourth Congress of the Communist Party of Cuba (PCC), held on 10 October in the eastern city of Santiago de Cuba, agreed to reactivate its deteriorated economy with a larger investment of foreign capital, giving priority to investments from Latin America.

The communist delegates accepted private foreign investment in several sectors if they are associated in joint enterprises, cooperatives, marketing agreements, and participation accounts.

The Canacintra leader said that in his conversations with President Fidel Castro they discussed health and education, Cuba's research in biotechnology, and the country's economy.

"We spoke like friends and not with a previous agenda," stated the satisfied leader of the Mexican businessmen.

Sanchez announced that a large number of businessmen will return to Cuba from 15 to 19 January to tour the country.

Castro Meets Mexican Industrialist

FL0111022891 Havana Tele Rebelde and Cuba Vision Network in Spanish 0100 GMT 1 Nov 91

[Text] Jose Sanchez de la Vara, the president of the Mexican National Chamber of Manufacturers, described his talk with Commander in Chief Fidel Castro as very positive. The president of the Councils of State and Ministers spoke with Mr. Sanchez de la Vara about various points, including Latin American economic integration and the potential for trade between Cuba and Mexico.

[Begin Sanchez recording] Well, we discussed many subjects, not only about economics, but about the very significant biotechnology research being done in the Cuban institutes, and about health, the great concern the Cuban Government has for the health and education of its people, right? We talked about many things, as friends talk, without a previous agenda or schedule, but really it was a talk between friends. We thank Mr. President Castro very much. [end recording]

The Canacintra president has come to Havana to sign a cooperation agreement between the group he represents and the Cuban Chamber of Commerce. This document makes it possible to have closer cooperation between the two organizations and boosts the exchange of information about the existing trade and industrial opportunities, and prospects for potential business deals between companies in the two countries, among other basic aspects. In addition, it is intended to encourage in a consistent way the establishment of Mexican companies in Cuba and Cuban companies in Mexico.

The Cuban-Mexican business committee began its work at the Habana Libre Hotel with an opening session that was chaired by Cuban Foreign Trade Minister Ricardo Cabrisas and Mexican Ambassador to Cuba Mr. Mario Moya Palencia. This bilateral meeting can be considered the start of a new phase in trade relations between our two countries.

Italian Joint Economic Commission Talks Begin

FL0111023291 Havana Tele Rebelde and Cuba Vision Network in Spanish 0100 GMT 1 Nov 91

[Text] The working sessions of the Cuban-Italian Joint Economic and Industrial Commission have begun in Havana with the participation of 35 Italian companies from the public and private sectors. Raul Taladrid, the vice president of the State Committee for Economic Cooperation, and (Francesco Capecci Galiota), the head of the department of the Italian Secretariat of Foreign Relations, head the delegations from their respective countries. This open dialogue aims to increase and diversify Cuban-Italian trade, which in the last five-year period exceeded $500 million. This Thursday [7 November], (Ibo) Butini, the Italian deputy foreign secretary, will arrive in Havana to take over the leadership of his delegation in the bilateral talks.

Haiti

Nerette Returns To Office, 'More or Less Well'

FL0111004391 Port-au-Prince Radio Soleil Network in Creole 2000 GMT 31 Oct 91

[Text] After he had been sick and had not gone to work in his office at the National Palace for more than 10 days, the provisional president of the country, lawyer Joseph Nerette, went to his office yesterday. He spoke with Prime Minister Jean-Jacques Honorat and Georges A. Beaufils, the president's head of cabinet.

Nerette had been suffering from a viral fever. We received this information from a source close to the president's cabinet. The same source told us that Nerette went to his office today and that he seems to be more or less well.

Prime Minister Views OAS Mission, Embargo

FL3110233091 Port-au-Prince Radio Nationale in Creole 1400 GMT 31 Oct 91

["Excerpt" from news conference by Prime Minister Jean-Jacques Honorat with unidentified reporters on the occasion of the swearing-in ceremony of the members of the Court of Cassation at the Law Courts in Port-au-Prince on 30 October; italicized passages within slantlines in French—recorded]

[Excerpt] [passage omitted]. [Reporter] *What is the government's position in view of Father Jean-Bertrand Aristide's possible return?*

[Honorat] You cannot ask us to take a stance supporting one or the other of the two opposing possibilities. There are two possibilities: Return and non-return. You cannot ask my point of view on this because I am a negotiator [words indistinct].

[Reporter] Mr. Prime Minister, you spoke of all institutional authorities, you also spoke of the executive...

[Honorat, interrupting] Constitutional authorities.

[Reporter] Does that mean the executive is also included?

[Honorat] (?Of course). Is it not a constitutional authority? They [reference to OAS civilian mission] say they will come to work for the return to the constitutional order, to participate, to speed up the return to the constitutional order, to negotiate on... [changes thought] They are coming to work with us, with the country's constitutional authorities on the constitutional order.

[Reporter] *When will the mission arrive?*

[Honorat] *Tomorrow afternoon* [31 October].

[Reporter] *Mr. Honorat, what is the position of the government on the U.S. embargo against Haiti [word indistinct]—as the embargo is definitive and that was clearly defined by George Bush?*

[Reporter, interrupting] *What is the position of Haiti?*

[Reporter] *The position of your government?*

[Honorat] *Well, so far, no comment. We are waiting.*

[Reporter] *What are you waiting for, Mr. Honorat?*

[Honorat] *We are waiting for the 5th [November]. The embargo is due to be effective on the 5th. So, we are waiting.*

[Reporter] *What about the gasoline problem?*

[Honorat] *Do not forget that we are an offspring of Maroons. We were born Maroons, and we will remain Maroons. [word indistinct] I say that Haitian people have been living under an international embargo for 187 years. We have been undergoing an embargo since 1804 [year of independence]. Do you understand what I am telling you? Haitian people have been living like this since then.*

[Reporter] [Words indistinct] Mr. Honorat, concerning the fuel problem, will the country run out?

[Honorat] No, it will not.

[Reporter] Will any ships arrive?

[Honorat] Yes, soon.

[Reporter] When?

[Honorat] I do not know. You should go and ask the minister of commerce.

OAS Mission Scheduled To Arrive 31 Oct

FL3110193291 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 31 Oct 91

[Text] The OAS has stated they will send a civilian mission to Port-au-Prince on 31 October. The mission plans to continue negotiations with Haitian authorities concerning Father Jean-Bertrand Aristide's return to power. This civilian mission will be headed by former Colombian Foreign Minister Augusto Ramirez Ocampo.

On 28 October, the Haitian Government said it agreed to receive the OAS delegates to continue negotiations. Haitian officials are already prepared to receive the civilian mission. On 28 October, OAS Secretary General Joao Baena Soares met with ambassadors and representatives of the 34 member countries of the OAS on the situation in Haiti.

Remember, the OAS had decided to send to Haiti a mission intended to observe the institutions' activities. The Haitian parliament, however, did not agree with that decision. The only OAS mission that will come to Port-au-Prince is a civilian mission headed by Augusto Ramirez Ocampo. This mission will continue the talks initiated between the OAS and the new Haitian authorities during the first week of October at the Port-au-Prince airport.

Rumors claiming that the safety of this OAS civilian mission will be ensured by the OAS military have been denied by Haitian Interior Minister Colonel Gracia Jean. He said the safety of the OAS delegates will be ensured by the Haitian military.

Comments on International Embargo Noted

French Envoy Statement

FL3110205491 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 31 Oct 91

[Text] The French ambassador to Haiti, Jean-Raphael Dufour, said yesterday that the embargo against Haiti is a message to all Haitians. Ambassador Dufour made this statement during an interview he gave to the daily LE NOUVELLISTE. Dufour thinks the embargo is (?not only) pressure being exerted on Haitian authorities but also a clear message to all Haitians aimed at showing them that the international society remains united and steadfast in the Haitian cause.

It is worth noting that French Ambassador Dufour played a major role in the 30 September events. Dufour went to Father Aristide's home to take him to the National Palace. Dufour promised Aristide that he would negotiate with the Haitian military to have Aristide remain in power. The ambassador was at the airport when Aristide left the country aboard a Venezuelan military plane for Caracas.

In this same interview, Dufour said that France has not considered breaking diplomatic relations with Haiti. He added that when there is a problem in a country or between two countries, ambassadors are needed, even indispensable.

Chamber of Commerce Issues Warning

FL0111012891 Port-au-Prince Radio Metropole in French 1800 GMT 31 Oct 91

[Text] On 30 October, the Haitian Chamber of Commerce and Industry, one of the major employers associations in the country, warned friendly countries against the serious consequences of an embargo against Haiti, one of the most vulnerable countries of the hemisphere. This is what the members of the Chamber of Commerce have written.

Would not our friends in the region regret to have provoked a socioeconomic catastrophe in the country. Also, consider the historical responsibility in the name of the OAS and each of its members, the Chamber of Commerce states in a communique signed by Chamber of Commerce President Gerard Bailly. Bailly expresses

the wish that the Haitian nation will never again find itself in such an unfortunate and chaotic situation because of misunderstanding and intolerance towards one another. The Chamber of Commerce lays its patriotic concerns in the hands of the men and women of this country and of the international community.

Francois Latortue Criticizes Embargo

FL0111020291 Port-au-Prince Radio Metropole in French 1800 GMT 31 Oct 91

[Text] According to Francois Latortue, leader of the Democratic Revolutionary Party of Haiti [MODEHL-PRDH], the OAS embargo has no reason for existence. In its analysis, MODELH rejects the economic sanctions and thinks that the embargo has been decided upon hastily and has violated ordinary norms. MODELH asks for the lifting of the embargo and calls on the consciousness and perceptiveness of the ambassadors who are in the country to enlighten their superiors, the Caribbean and Latin American nations while recalling that the isolation against Haiti will cruelly and irremediably affect the most deprived sectors of the poorest nation in the Americas.

Commentary Urges Resistance To School Reopening

FL0111002691 Barahona Radio Enriquillo in Creole 1100 GMT 31 Oct 91

[Station commentary]

[Text] Resistance is mounting to prevent the schools from opening. Resistance has been organized to prevent the devil's forces from drowning us totally, to prevent the bad people in power from getting stronger.

The Haitian masses want to express their will, which is the return of Aristide. When he returns, he will negotiate with the parliament.

The 16 December elections gave us a coup. For Aristide to return, Cedras and his acolytes, as well as the de facto government, must leave. Now, the masses will stand firmly by the embargo and state: We want it, and the time has come for the masses to oppose the reopening of the schools, because if the schools reopen, false patriots will say that everything is going fine. The resistance against the schools is a correct and principled action for now. Let us think it over to find out how that can be done.

If the parents keep the children at home, the schools will not be able to function. If the university students refrain from attending, the teachers will not be able to work. If the school principals ask the parents not to send their children, the schools will not be able to function.

Let us repeat: To prevent the reopening of the schools is a way to obstruct the country. If we do not obstruct the country for a while, we will lose the return of Arisitide. For that reason, we say: Viva the embargo, Viva the boycotting of the opening of school! The masses' desire can do it and will do it.

Alexandre Reaffirms Fidelity to Aristide

FL3110202191 Port-au-Prince Radio Metropole in French 1800 GMT 30 Oct 91

[Excerpt] Haitian ambassador to the Dominican Republic Guy Alexandre yesterday reaffirmed his fidelity to the overthrown president. Guy Alexandre, appointed to this post last August, refused entrance to a minister counsellor who, according to him, is a partisan of the current government. The minister in question is alleged to be Jean-Marie (Jostaigne), accused by Guy Alexandre of trying to assume control of the embassy during the deposed president's stay in Caracas last week. The Haitian Embassy in the Dominican Republic had to cease activities on 25 October because of administrative problems.

During a news conference at the Haitian Embassy on 30 October, Guy Alexandre referred to the exodus of thousands of Haitians to the Dominican Republic, when speaking of the effects of the commercial embargo imposed by the OAS. Alexandre pointed out, however, that there was no massive movement toward the neighboring Republic.

The Haitian diplomat, recalled by the Haitian authorities, called the position of the Joaquin Balaguer government dignified with respect to its intention to respect the measures adopted by the OAS. We thank the Dominican Government for its solidarity and its willingness to respect and apply the OAS resolutions and economic measures which imply the nonrecognition of the de facto government, stated Guy Alexandre.

Ambassador Guy Alexandre is among the 10 heads of diplomatic and consular missions, as well as other officials on duty abroad, who were recalled by the Haitian Chancellery. [passage omitted]

More on Arrests of Aristide, Preval Supporters

FL3110200491 Port-au-Prince Radio Metropole in French 1800 GMT 30 Oct 91

[Text] More arrests have been made in Port-au-Prince. Donald Preval, cousin of the former prime minister, was arrested this morning by police. Donald Preval was questioned at the Ministry of Justice, where he works as an assistant chief of the Maintenance and Development Service.

Yesterday, a state employee in charge of the Emigration Service at the Airport in Port-au-Prince, (Dukenson Extra), was arrested. Dukenson Extra is a cousin of Father Aristide.

Radio Station Ransacked; Electricity Rationed

FL3110193591 Port-au-Prince Radio Metropole in French 1800 GMT 30 Oct 91

[Text] Radio Tet Ansam [Heads Together] in Jeremie was ransacked by unknown individuals on the night of 28 to 29 October. The station was therefore forced to discontinue broadcasting on AM radio since yesterday morning because the transmitter-receiver, located a few kilometers from the city, had been seriously damaged. The saboteurs took off with equipment.

The bishop of Jeremie, Willy Romelus, had been leading prayer sessions on Radio Tet Ansam every evening since the coup d'etat, and was encouraging the population to remain mobilized. The radio station had also been broadcasting news from Voice of America and radio station Enriquillo, which has not stopped calling for the return of the overthrown president.

On a separate matter, our Jeremie correspondent relates that severe rationing of electricity has begun by the electricity company, as both fuel and electricity have become scarce.

El Salvador

President Cristiani on Peace Talks, Copaz

PA0111030191 San Salvador Radio Cadena Horizonte in Spanish 1830 GMT 31 Oct 91

[Report by Carlos Driotes]

[Text] [Driotes] President Alfredo Cristiani said on 31 October that the government's delegation to the talks will travel to Mexico on 3 November. There, they will continue the negotiation process with the Farabundo Marti National Liberation Front [FMLN], based on the abridged agenda that was approved in New York.

The chief of state said the meeting will try to clear up the pending political issues: the cease-fire and the agreement schedule.

[Begin Cristiani recording] The process begins again this weekend and our delegation will travel to Mexico on 3 November. This time we will try to complete the discussion of political issues; that is, the political agreements that are on the abridged agenda, as it has been called, which was agreed on in New York. We will leave the cease-fire and the agreement implementation schedule for last. [end recording]

[Driotes] Speaking about the economic aspect, one of the most difficult issues at the talks with the rebels, Cristiani said that a forum must be created where the various sectors in the country can reach agreements that will bring benefits and responsibilities to each group.

[Begin Cristiani recording] I believe that the fundamental issue we ought to work on here is creating the forum. I think it is necessary for the various sectors to talk among themselves, to see how they can live together in a more harmonious fashion, with the same benefits and the same sacrifices. I think the formation and structure of the forum is important, and I believe that it can deal with many of the situations that can and may arise during the process. I think that this is the proper place to discuss and reach such agreements, which are necessary for the country's peace and tranquility. [end recording]

[Driotes] On the scope and importance of the National Commission for the Consolidation of Peace, Copaz, the president said that the commission's job is only to verify and follow-up on the New York Agreements, and that it has no authority to implement.

[Begin Cristiani recording] We have held meetings in a good working atmosphere. We are making progress on preparations such as the rules, the draft laws, and on trying to inventory all the work that they will have to do and how they will go about it. I think they have made very good progress. They have scheduled another meeting for the second half of November to coordinate again.

We have heard some people that would like to give the commission greater importance, giving it authority to implement. Copaz does not have such authority. Instead, its responsibility is to verify and follow up on the agreements. [end recording]

[Driotes] President Alfredo Cristiani made these statements during a ceremony held to deliver 130 land deeds to an equal number of beneficiaries in the Nueva Esperanza and Emanuel communities. His wife, delegates from AID and other government housing agencies were present.

Cepeda Says Operations Do Not Hamper Talks

PA0111031591 San Salvador Canal Doce Television in Spanish 0359 GMT 31 Oct 91

[Text] Defense Minister Juan Orlando Cepeda said on 31 October that the Armed Forces' military operations initiated throughout the country in the past few hours will not affect the continuation of the peace talks. The (?pressure) of the war has continued to be felt during the negotiations, but without causing direct problems in the dialogue. Cepeda said this indicates the need to end the armed confrontation.

[Begin Cepeda recording] The armed operations will not hamper the negotiations. This has already been demonstrated throughout the 21 rounds of talks, when violence has even increased. Quite the contrary, we believe this indicates the need to speed up the peace process. [end recording]

In addition, the defense minister called on the opposing groups who participate in the peace process to seriously analyze the negotiations to avoid making wrong proposals that might divert attention from their purpose. This was Cepeda's reply to the clandestine rightist group that urged the government to stop making concessions to the Farabundo Marti National Liberation Front.

[Begin Cepeda recording] [Words indistinct] disagrees with a negotiated political solution or dialogue. I am inviting these persons to carefully analyze the situation [words indistinct] [end recording]

He said that, in view of these groups' stance, a negotiated solution of the conflict is mandatory. The rightist organization Major Azmitia has warned of the danger posed by negotiating the military institution's future. General Cepeda said that the Armed Forces' actions at the returnees' settlements in the interior aim at preventing the camps from being used by guerrillas as refuges and for military training. Humanitarian organizations, however, have pointed out that, during these actions, the returnees have been abused.

Guerrillas Attack Army Positions in Capital

PA3110184391 Paris AFP in Spanish 1754 GMT 31 Oct 91

[Text] San Salvador, 31 Oct (AFP)—Salvadoran guerrilla urban commando units attacked Army positions in

northern San Salvador this morning, killing one soldier and seriously wounding another, military sources have reported.

The attack took place at 1030 in the San Miguelito neighborhood in northern San Salvador, less than 200 meters from the headquarters of the 1st Infantry Brigade, one of the major military installations in the capital.

The attacking guerrillas were traveling in a vehicle from which they fired their automatic rifles at one of the positions of the headquarters several times, the police report stated.

Following the shooting, one of the soldier died in the street, while another soldier was taken to a military hospital with serious wounds, eyewitnesses said. Army units initiated an operation in the area following the guerrilla attack, while a military helicopter overflew the capital.

In another part of the capital, hundreds of leftist activists held an antigovernment demonstration in San Salvador today, while the Farabundo Marti National Liberation Front announced it would respond to the operations the Army initiated this week in areas under guerrilla control in various parts of the country.

Army Operations Continue in Guazapa Area

PA3110155291 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 31 Oct 91

[Text] The counterinsurgency operation being carried out by combined troops from the 1st Infantry Brigade and the Artillery Brigade has continued in recent hours. Military sources have not confirmed reports by civilians that an army officer was killed and two soldiers were wounded in combat. Defense and Public Security Ministry spokesmen have stated that Army troops continue to operate in the area near Guazapa, north of San Salvador. They added that an official report on the fighting would be issued soon.

The sources also confirmed that fighting took place in the areas of (Los Lirios) and (El Quemado), but gave no casualty figures.

Church Urges Approval of Constitutional Reforms

PA2910214091 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 28 Oct 91

[Text] The Salvadoran Catholic Church has urged the political parties represented in the Legislative Assembly to review the agreements signed by the government and the guerrillas regarding changes in the constitution. After officiating at a mass on 27 October, [San Salvador Archbishop] Monsignor Arturo Rivera y Damas urged politicians to review those agreements as soon as possible and to approve the legal reforms. Otherwise, he said, the Salvadorans will continue to be pessimistic in view of the lack of responsibility shown by their leaders.

FMLN Presents Proposals on Police to Copaz

PA3110144891 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 30 Oct 91

[Text] Commander Joaquin Villalobos has stated that the FMLN [Farabundo Marti National Liberation Front] presented to the Copaz [National Commission for the Consolidation of Peace] a proposal that includes the requirements that future members of the National Civilian Police will have to meet. The FMLN commission presented the proposal during a meeting over the weekend of 26 to 27 October with the rest of the members of the Copaz.

Commander Villalobos, who is a member of the Copaz, stated that the next meeting will be held in Mexico, during the second half of November.

Guatemala

Belizean Foreign Minister on Ties, Cuba

PA3110160691 Guatemala City Teleonce Television in Spanish 1800 GMT 30 Oct 91

[Interview with Belizean Foreign Minister Said Musa on 29 October in Guatemala City by unidentified reporter; questions are asked in Spanish, Musa replies in English with interpreter giving passage by passage translation into Spanish; Musa's replies processed from English—recorded]

[Text] [Reporter] How would you describe relations between Belize and Cuba? What do you think of the current situation in Cuba?

[Musa] Well, at this time Belize does not have diplomatic relations with Cuba. The situation in Cuba we believe is in a state of...[pauses] a dynamic state at this time. We would like to see the day soon when Cuba and the United States of America will be able to recognize their differences. We believe that would be good for the whole Latin American and Caribbean region, as well as the rest of the world. We recognize that Cuba too will have to open up, will have to begin a process, so to speak, to fall in line with the democratic regimes of Latin America and the Caribbean. We are confident that this process of change will come for Cuba and for our region, and for the benefit of all of us.

[Reporter] Did President Serrano promise to visit Belize in his meeting with you on 29 October?

[Musa] The date for the meeting has not been finalized, but the prime minister reiterated his invitation once again, and mentioned to President Serrano that he is welcome to Belize, to come at any time.

It is very important, and I need to say this, that we have lived for decades, many, many decades of mistrust between the people of Belize and the people of Guatemala. The Belizeans have experienced many military regimes in Guatemala, and there is quite a bit of fear in

Belize. We have to work on programs now that will remove this fear, that will build up trust between our two peoples, so we can move ahead to a final solution.

Official Orders Investigation of Torture Charges

PA3110185091 Guatemala City PRENSA LIBRE in Spanish 29 Oct 91 p 6

[Text] Government Minister Fernando Hurtado Prem said on 28 October that disciplinary action will be taken against policemen who are found guilty of torturing three detainees accused of nine murders.

He noted that he has ordered an investigation into the case as requested by Human Rights Attorney General Ramiro de Leon Carpio in his report.

Hurtado Prem stressed that "great efforts are being exerted to purge the police forces so as to guarantee full respect for the human rights of the citizenry."

Regarding the human rights attorney general's resolution, he said that he "respects its contents and cannot criticize it because it is a conscientious opinion."

Hurtado Prem added that "citizens can rest assured that during my administration I will not tolerate abuses against our citizens."

Regarding criticism of the resolution by Police Director Mario Enrique Paiz Bolanos, Hurtado Prem said that "Paiz Bolanos gave his personal opinion," and preferred not to comment any further.

Police Director Resigns

PA3110185191 Guatemala City Teleonce Television in Spanish 1800 GMT 30 Oct 91

[Excerpt] National Police Director Colonel Mario Paiz Bolanos has resigned as a result of a controversy involving Human Rights Attorney General Ramiro De Leon Carpio, who accused the police of torturing three prisoners who are supposedly members of the so-called Bicycle Band.

Government Minister Fernando Hurtado Prem accepted Col. Paiz Bolanos's resignation and said that the investigations are continuing to determine if the alleged torture did indeed occur.

A policeman involved in the case has been released on bail. [passage omitted]

Honduras

Attempt To Cut Regional Armed Forces Denied

PA3110152691 Hamburg DPA in Spanish 1543 GMT 30 Oct 91

[Text] Tegucigalpa, 30 October (DPA)—Honduran Foreign Affairs Minister Mario Carias Zapata stated today that Honduras does not seek to prevent a cut in Central American armed forces by presenting a Central American Security Treaty proposal.

The foreign minister pointed out that the Honduran Government is in the process of appeasing all parties involved in the negotiations on reaching a military and strategic balance in the region.

It has been commented in diplomatic circles that during the security commission negotiations, Costa Rica and Nicaragua have been pressuring for a rapid cut in the number of military personnel and the size of arsenals, while Guatemala and El Salvador have been against such proposal.

The Salvadoran and Guatemalan representatives claim that there are armed guerrilla groups in their respective countries that are fighting against the government and as long as this internal situation is not resolved, it is impossible to speak about cuts in the armed forces.

Carias Zapata said that the Honduran position is aimed at achieving a military balance in Central America. Common features would be decided during the security commission meetings.

The Central American Security Treaty proposal was presented by Honduras last July before the presidential summit in El Salvador, where it was agreed that this proposal would be negotiated and subsequently signed.

Callejas: El Mochito Mine To Stay Open

PA3110222091 Tegucigalpa EL HERALDO in Spanish 30 Oct 91 p 2

[Text] President Rafael Leonardo Callejas on 29 October guaranteed the workers of El Mochito mines that the American Pacific Company will not shut down operations. He asked them to return to Las Vegas and end the protest they began in Tegucigalpa.

The leadership of the American Pacific workers union, led by Javier Fernandez, met last night with the president and his advisers to try to find a peaceful solution to the conflict.

Fernandez emphasized that if the Canadian [as published] transnational company suspends its operations in the country, it represents a threat for Las Vegas Municipality. He recalled that the first company has already left and it is not likely there will be a third company. This, he said, will result in unemployment and a loss of foreign currency for the state.

"It is impossible that due to the whims of a small group, 95 percent of the workers will be left without jobs," he added.

He emphasized that part of the trade union directorate will meet in Tegucigalpa with National Congress President Rodolfo Irias Navas, and will report to the deputies on the situation prevailing at El Mochito. Likewise, they

will meet with Celin Discua Elvir, chairman of the Nationalist Party Central Committee.

President Callejas said that he is "very interested in seeing this source of employment remain open."

The president then told them: "Go back to your people and tell them to go home. Tell them their source of employment will not leave."

Fernandez described the results of the meeting with the president as "successful."

El Mochito workers returned home last night .

Nicaragua

Costa Rican Envoy Defends H. Ortega Friendship

PA3010001691 Managua BARRICADA in Spanish 28 Oct 91 pp 1, 5

[Report by Maria Alicia Talavera]

[Text] Carlos Aguilar Calderon, Costa Rican ambassador to Nicaragua, said he has no reason to hide his friendship with General Humberto Ortega. "Perhaps those annoyed by it would have wanted it to be hidden," he noted, commenting on recent newspaper reports that this friendship annoys the U.S. Government.

Aguilar Calderon, who was out of the country on vacation, noted on his return that he also has excellent relations with other government officials, even President Violeta Chamorro, not only with the military chief.

Over a week ago news reports said U.S. President George Bush had conveyed to his Costa Rican counterpart Rafael Angel Calderon the wishes of Mrs. Chamorro that he withdraw Ambassador Aguilar Calderon because of his ties to Gen. Ortega.

The Nicaraguan president denied those reports, as did Foreign Minister Enrique Dreyfus. Costa Rican President Calderon, Aguilar Calderon's cousin, admitted one week ago that U.S. State Department officials had expressed their annoyance over the diplomat's relationship with the top military chief.

President Calderon, however, denied his ambassador in Managua was withdrawn because he has not received any request to that effect from President Chamorro.

This journalistic brouhaha took place when Aguilar Calderon was vacationing in New York.

On returning to Managua, he told BARRICADA that those reports "seem somewhat melodramatic," because his year-old mission in Nicaragua has sought to improve relations between the governments and peoples of Costa Rica and Nicaragua.

"We have already lifted visas and fax requirements, and now we have permits with which anyone who arrives at the border can travel from country to another," Aguilar Calderon remarked.

Owing to the improvement in bilateral relations, "Nicaraguans enter Costa Rica as if they were in their own country."

The controversial diplomat recalled that the Sandinist People's Army was the first to arrive with help for the people left homeless by the earthquake that shook the country early this year.

"The assistance, which came from the Nicaraguan people and Government, was totally voluntary" and reflected ongoing and repeated steps to improve relations between the two countries, as President Calderon has stated. With this gesture, "Nicaraguans stole the hearts of Costa Ricans."

Relations between Nicaragua and Costa Rica "are excellent at the governmental and popular levels," he stated.

Regarding his controversial friendship with Humberto Ortega, Aguilar Calderon stated: "That is no secret, and I do not deny it. I have a long-standing friendship with Gen. Ortega, who happens to be a Nicaraguan Government official. Why is it that no questions arise regarding any diplomat who has good relations with Presidency Minister Antonio Lacayo?" he asked. The diplomat stressed that an ambassador's mission, chiefly in this country, must be to help the process of reconciliation among Nicaraguans, within a framework of respect. Gen. Ortega, according to Aguilar Calderon, "is playing an important role in this government, just as President Chamorro and Lacayo are."

Aguilar Calderon feels that those reports, which he referred to as "nonsense," aim, through not very reputable means, to prevent the strengthening of relations between the two brother nations and somehow try to keep the Nicaraguan people from finding the path toward democracy.

The diplomat stated "I am a personal friend of Gen. Ortega, and that relationship is not hampering me from fulfilling my duties and is not hampering him, either. We talk a great deal about the democratic process in Costa Rica and the situation in Nicaragua."

He voiced his surprise over reports of his presumed transfer, because he has never heard any comment from U.S. Ambassador Harry Shlaudeman.

"I attribute the reports to ill-intentioned people, because I do not think they represent the plans of any government. We are serious, and we cannot approach the year 2000 with this type of attitude," Aguilar Calderon noted.

Recontras Surrender Weapons To Government

PA3110233991 Managua Radio Corporacion in Spanish 2300 GMT 30 Oct 91

[Excerpt] According to information disclosed by the Government Ministry public relations office, approximately 60 recontras surrendered their weapons to Government Ministry representatives. Government Ministry Spokesman Frank Cesar provides more details:

[Begin recording] During an event that took place at 1100 in the town of Guati, Rama Municipality, a group of 69 former Nicaraguan Resistance fighters, who last month attacked the Tortugueros Military Unit and carried off several weapons, decided to rejoin civilian life by surrendering 67 RPG-7 and UM-79 rifles to the government minister and other regional authorities, who were present during the surrender.

This group of 69 recontras was under the command of Commanders Daniel and Juan Pablo. On surrendering, both commanders expressed their willingness to contribute to Nicaraguan society as a whole to try and pull the country out of its severe economic crisis.

I would like to say that the weapons taken from the Tortugueros police were also surrendered. The Government Ministry will inventory the surrendered weapons.

It is important to point out that five of the recontras who surrendered will join the Rama Municipality police force. These five new members will be under the command of First Lieutenant Frank Gutierrez, chief of Rama Police. This is one of the achievements of the national reconciliation program that should make all Nicaraguans feel proud. We believe that differences between Nicaraguans should be solved through dialogue. We are opposed to the attitude of other persons who are going around inciting Nicaraguan society and other groups to rearm. This is a gesture all Nicaraguans should support, and we in the Government Ministry are doing our best to completely demilitarize Nicaragua. [end recording] [passage omitted]

Guerrillas Demand Army Leave El Ayote

PA2510033491 Managua Radio Catolica in Spanish 0200 GMT 24 Oct 91

[Report by Pedro Rafael Garcia from Juigalpa]

[Text] In a communique, a copy of which was given to this correspondent, the National Democratic Salvation [Salvacion Nacional Democratica] guerrilla columns stationed at El Ayote have reported a strong military presence. Consequently, they say, the guerrillas cannot attend the talks with the government of President Violeta Chamorro.

In the communique, the guerrillas have requested that the Army withdraw from El Ayote because they do not want any military presence in the area. Otherwise, they said, they will not meet with the National Opposition Unit mayors, deputies, political councils, and peace commission. In addition, the communique urges the central government to give full freedom to mayors, deputies, and political councils to hold this important meeting with the guerrillas. They will not attend any meeting with the authorities unless the military presence is removed from El Ayote.

The communique is signed by Commander 31, Pardo Lan, Joel, Domador, and Rojito. This is the most recent communique, which this correspondent received last night. We will have additional reports later.

New Sandinist Guerrilla Column Reportedly Formed

PA2810033391 Managua Radio Catolica in Spanish 1130 GMT 23 Oct 91

[Report by Jose Andres Sosa from Boaco]

[Text] Another armed Sandinist group appears in Boaco. It is said that it is the reorganized Sandinist People's Militia that Former President Daniel Ortega Saavedra has announced. Producers in La Patriota in central Zelaya Department regret to report that a new movement has emerged that calls itself the Francisco Hidalgo Guerrilla Column [Coiumna Guerrillera Francisco Hidalgo]. This information was released by the Muelle de los Bueyes police chief and he wonders where these people, who number over 60, acquire their weapons. This is the current problem facing Region No. 5 and south Zelaya Department.

South Zelaya cattle ranchers and Mayor Anselmo Taleno say that there are more than five armed groups who carry out assaults. Among them is the group we mentioned—the Francisco Hidalgo Guerrilla Column.

Panama

Endara, New National Police Director Comment

PA3010201391 Panama City Telemetro Television Network in Spanish 1730 GMT 30 Oct 91

[Text] On 30 October, Oswaldo Fernandez, Technical Judicial Police [PTJ] director, was appointed the new National Police director. Fernandez is replacing Gonzalo Menendez Franco, who resigned on 25 October in the wake of criticism for participating in politics. President Guillermo Endara Galimany attended Fernandez' swearing in ceremony this morning.

President Endara Galimany told Fernandez that the National Police must be a corps where the law rules and its men enforce it. Fernandez, who up until now served as the PTJ director, was sworn in at a simple ceremony held at the National Police Headquarters in the Ancon area. Attending the ceremony were President Endara Galimany, Government and Justice Minister Juan Chevalier, Supreme Court justices, and outgoing director Gonzalo Menendez Franco. Menendez Franco handed to Chevalier the National Police keys and director's

badge. Chevalier, in turn, handed them to the new director. Moments before the swearing in ceremony, Endara outlined the main goals that the new National Police director must seek, as follows:

[Begin recording] [Endara] I would like to remind you that being a legal expert is one of your major professional achievements. We want to install in Panama a complete state of law, where the law must rule, and people must enforce the law. The fact that you are a legal expert is one of the reasons you were offered this position, and you have accepted it for the sake of the country. Also, this institution is involved in a growing process. It is indicating that it is the institution that the people want, namely, an institution that protects the life, dignity, and property of the people and fully serves the law of the land. Much work remains to be done to achieve that national objective of a National Police force that truly reflects the wishes of the people. We are reaching that end. We must approve a very important law to give stability to this institution, which greatly needs it, and to outline the rights and duties of this institution, as well as of its personnel. That is one of the tasks, among many others, that you will undertake.

Do you swear to God and the fatherland to enforce faithfully the Constitution and the laws of the nation, under the authority of the president, to defend democracy?

[Fernandez] I do.

[Endara] If you do, may God and the fatherland reward you, and if do not, may they hold you accountable. [applause] [end recording]

The new National Police director addressed those present:

[Begin Fernandez recording] The challenge is difficult, but I know we are up to it. I am only asking the local news media, community, and authorities to keep in mind that the country comes first. The future of this country comes first, and we come afterward. Thank you. [applause] [end recording]

Menendez Franco was given a certificate in recognition of his work as director. In acknowledging this distinction, he stated the following:

[Begin Menendez recording] This institution has capable and trained personnel, who are qualified to do the work. They need support and respect; support in terms of economic resources, and respect in the way they are treated. [end recording]

Endara Appoints Technical Police Director

PA0111033791 Panama City Circuito RPC Television in Spanish 2311 GMT 31 Oct 91

[Excerpt] The new director of the Technical Judicial Police [PTJ] was announced by decree 31 October. The announcement was made by President Guillermo Endara during a news conference this afternoon, at which several subjects of national interest were discussed.

[Begin Endara recording] Jaime Abad has been appointed PTJ director by Decree 413 of 30 October. [end recording] [passage omitted]

Striking Doctors Plan Legislative Assembly March

PA3110202491 Panama City EL PANAMA AMERICA in Spanish 31 Oct 91 p 1A

[Report by Juan M. Diaz]

[Text] Several medical organizations and other labor groups will participate in a march today that will depart from El Carmen Church and end at the Legislative Assembly, where members will present an alternative to the proposed economic reforms to the Social Security Fund.

A spokesman from the Association of Doctors, Dentists, and Related Professionals of the Social Security Fund (AMOACSS)—which extended its 72-hour strike to protest the reforms—said that the organization has received support from many grass roots organizations throughout the country. He added that some of those organizations will participate in today's march.

The spokesman said that AMOACSS leaders have asked to speak before the Legislative Assembly to point out that the proposed reforms will significantly reduce the benefits of Social Security contributors and that the current crisis the institution is facing is the result of its large debt with the state.

He stressed that during the strike doctors have continued treating the most urgent cases at various hospitals, but that they firmly support the strike, despite Health Minister Guillermo Rolla Pimentel's threat to replace those participating in the strike with unemployed doctors.

Rogelio Cruz on Arms Seizure, Party Sympathies

PA3010215391 Panama City LA PRENSA in Spanish 29 Oct 91 p 28A

[Report by Vilma E. Figueroa B. and Elkilia Santos]

[Text] Attorney General Rogelio Cruz considers it premature to talk about a connection between the Colombians arrested for possession of weapons and ammunition during the raid carried out by the Technical Judicial Police (PTJ) and the Assistant District Attorney's Office at former Major Rodolfo Castrellon's residence and any destabilizing movement.

Military material, including surface-to-air missiles, were seized on 27 October at the residence of former Defense Forces Major Rodolfo Castrellon as part of an investigation carried out by Assistant District Attorney Carlos Herrera Moran.

Cruz said that he will reveal the results of the investigation in due time because it is continuing.

Referring to the ruling that he should issue on the case of former National Police Director Gonzalo Melendez, and the fact that he violated the constitution by participating in a political event, Cruz said that his ruling on the case is no longer important because the official tendered his resignation before a ruling was issued.

Cruz denied that he had joined a campaign for the Christian Democratic Party or against the Arnulfista Party because, as an attorney general, he cannot participate in this type of activity.

Although the official did not say whether he had intended to request Menendez Franco's resignation because he had violated the National Constitution, he clearly said that, as attorney general, his office must fulfill its duty and enforce the law.

Clearly referring to Menendez Franco, the attorney general said that this is a painful issue because it involves a person whom one appreciates very much "as a lawyer and as a person who gained prominence in the struggle against the dictatorship."

"We deplore the fact that we can make no distinctions. The law must be enforced," Cruz said.

In addition, Mario Rognoni, finance secretary of the Democratic Revolutionary Party [PRD], said he doubts that the PTJ discovered surface-to-air missiles and a large amount of war materiel in the residence of Castrellon, a former officer who was loyal to Manuel Antonio Noriega.

Rognoni said the PRD has information from people living next door to the house that was raided by the PTJ, and "they claim that no weapons were removed from the house."

Human Rights Committee Denounces Weapons Buildup

PA2310235891 Panama City LA ESTRELLA DE PANAMA in Spanish 23 Oct 91 p 1

[Report by Hermes Sucre Serrano]

[Text] Roberto Troncoso, president of the Panamanian Human Rights Committee [CPDH], has charged that the state is promoting violence by allowing certain security groups to acquire weapons without any control and without any direct relationship to the task of providing public security.

Troncoso stated that this irregularity could pose a "very dangerous threat to national peace and harmony, and add another factor to the anxiety and insecurity felt by Panamanians." Troncoso made these statements in a communique issued on 22 October. The communique does not specify which security groups are being armed in this manner, but the warning appears to be directed at the present government's new security forces.

Troncoso also criticized the uncontrolled increase of violence, crime, and insecurity throughout the country, as well as the confrontational attitude of certain social sectors.

Roberto Troncoso believes that the roots of the problem lie in the high unemployment rate, which leads to crime; in drug trafficking; and in the inability of public security to protect the lives, dignity, and property of the people.

Troncoso also stated: "To all this we can add the existence of a large amount of weapons in the hands of individuals who have not acquired them legally." The CPDH calls on all citizens and the present government to stop this wave of violence that is threatening to end Panama's apparent tranquillity.

Editorial Advocates U.S. Foreign Policy Change

PA0111030091 Panama City EL CLARIN NACIONAL in Spanish 4 Nov 91 p 3 (Year No. 1, Issue No. 10)

[Editorial: "Why Does the United States Not Change?"]

[Text] The world policeman, the United States, has assumed, thanks to the lack of courage of the world's main leaders, an absolute control over the life and property of the entire world.

The United States determines for itself what type of government each country on the five continents must have as demanded by U.S. economic, geopolitical, and geostrategic interests.

Historically it is the United States that determines the rules of the game in Spanish-speaking America. When dissenting voices emerge, then the hideous big stick appears, such as in Grenada and Panama, just to mention the two last invasions launched to divert the political direction of those who wielded power and supplant them with docile presidents who have to blindly obey their masters.

In Eastern Europe, the United States orchestrated a campaign of changes that finally led the main leaders of the system, the Soviet Union, to invoke the so-called perestroyka, thus breaking the world's balance of power and giving the United States the hegemony and the right to decide for others.

In other words, the United States, to satisfy the individual interests of the large consortia their top leaders represent, demands and attains changes in policies in all countries. Now, even the organization known as the United Nations dances to the rhythm of Uncle Sam's musicians.

The question sensible people ask is: Why does the United States not change its policy of exploiting weaker countries? Why does the United States not become more humane in the face of the poverty scourge that takes it out on Third World peoples? Why do leaders of the main western countries not demand that the United States

engage in its own perestroyka and stop forcing a "democracy" model that favors only the oligarchic elites to the detriment of the ever increasing poorer majority?

Has there been a world or Latin American leader who has dared tell the United States that it is a crime to support, as it does in Panama, a government that increasingly chokes the Panamanians? Can George Bush's government justify, nearly 22 months after its invasion of Panama, that rifles and military power of a first world power be the main support of a corrupt regime that keeps our country's main streets and fields in a turmoil of criminal violence?

Is it that the White House gentlemen do not know that the puppet troika they imposed on us in Fort Clayton distributes public funds as if it was booty among corsairs in the greatest nepotism scandal in the history of this small country?

Is it that the "democracy" that Washington understands for the native peoples of this America is to place in the hands of the narco-oligarchs all the political and economic opportunities, denying the people the possibility of access to true participation that seeks the fair distribution of wealth?

The United States will not change its unfair and criminal policy either with Panama or the rest of the world. Just as it is unfair and criminal to maintain for more than 30 years an economic blockade that prevents the Cuban people access to the most simple medicines, it is equally infamous to support an unpopular regime with the force of cannons while that regime sinks all its people in a sea of disease and misery, while a privileged minority becomes rich through vile behavior.

It is unfair and criminal to maintain a permanent occupation of our territory on the basis of supporting the privileges of an oligarchy compromised with corruption, drug trafficking, and money laundering vices. Even though there are no world leaders to raise their voices, let it be known that this abused people has a newspaper, such as EL CLARIN NACIONAL, which dares to tell the United States that the time has come for them to make the changes that history demands. Our countries expect that these changes take place now, sooner rather than later.

Colombia Proposes Treaty Including Extradition

PA2510034091 Panama City CRITICA LIBRE in Spanish 24 Oct 91 p 17

[Article by Justino Gonzalez]

[Text] The Colombian Government has proposed examining the possibility of establishing a bilateral agreement with Panama that would include the extradition of Colombian drug dealers back to Colombia and coordination and patrol duties against drug-trafficking activities in the border area.

The suggestion was made by Colonel Alfonso Levy Arellano Rios, national commander of the Colombian National Police Antinarcotics Division. It was made within the framework of the Fourth Meeting of National Organizations to Fight Drug Trafficking in Latin America and the Caribbean held in the state of Santa Cruz de la Sierra, Bolivia.

The proposal was made by the Colombian military officer after Assistant District Attorney Carlos Herrera Moran, who also participated in the meeting, concluded a report on the drug-trafficking situation in Panama.

According to unofficial sources, the agreement will allow the Colombian Armed Forces to provide support to local authorities in Panamanian territory during repressive operations against drug trafficking, in dismantling possible drug laboratories, clandestine airstrips, and guerrilla camps.

The proposal is due to the large amount of drugs and funds that have been crossing the Panama-Colombia border.

Herrera Moran stated to the press that the proposal made by the Colombian Government will be forwarded to his superiors in a report for the Panamanian Foreign Ministry to study.

Herrera Moran stated that it is not up to him to negotiate issues pertinent to foreign relations, but that he would provide details of the proposal to Attorney General Rogelio Cruz.

It has been learned that the proposal also includes extradition of Colombian drug dealers back to Colombia. Currently, approximately 12 Colombian drug dealers are being held in the Naos Island prison charged with drug trafficking, including Jorge Luis Enaos from the Medellin Cartel.

Justice Minister Aleman Resigns 'Suddenly'

PA3010222991 Panama City CRITICA LIBRE in Spanish 30 Oct 91 p 64

[Text] It was stated in political circles on 29 October that Jose Miguel Aleman, deputy government and justice minister, would tender his resignation effective 30 October.

Although the reasons for the sudden resignation were undisclosed, attorney Jose Miguel Aleman's decision was accepted and he is expected to return to private life.

Argentina

President Menem Announces Deregulation Program

PY0111002291 Buenos Aires Argentina Televisora Color Network in Spanish 2230 GMT 31 Oct 91

[Address to the nation by President Carlos Saul Menem from Government House—live]

[Text] Countrymen, it is not my wish to address the people of this holy land to point out a package of good intentions, simple promises, or demagogic or sectorial speculation.

I am speaking to the country to announce several historic decisions, very concrete and really revolutionary decisions. It is a package of decisions aimed at continuing the transformations of our economic and social system from its roots for the benefit of stability, growth, investment, work, and production. In other words, this is aimed mainly at benefiting the very poor within a framework of justice and freedom.

As of today, we are breaking the network of a favor-seeking, suffocating, and arbitrary state that obstructed the productive life of the nation with a package of unnecessary regulations. As of today, we are establishing a firm basis to favor a process of investment, economic initiative, and social equity. As of today, we are liberating energy that was withheld for a long time under the false system of a regulated public sector and an incompetent market.

These measures have no ideology; they are not abstract or rhetorical. The measures are aimed at the well-being of all the people. Therefore, the measures will favorably affect the daily life of every citizen, thus becoming an authentic cultural change. It is not my wish to get involved in rhetorical introductions or in technical and incomprehensible details for the people. Therefore, I am going to list in a clear and concise manner every aspect of the main decisions made by the executive branch through an urgent decree that is necessary to ensure the framework of stability and common good that has been achieved thanks to the effort of the people as a whole.

First of all, we decided to abolish the restrictions on the supply of goods and services in the entire national territory, and also the restrictions on information for consumers related to service prices, technical or commercial specifications, and other important aspects related to goods or services. This means that no one can be denied information on prices or technical specifications of goods and services anyone wants to buy. The markets must be open and competitive. The commission on fair competition will have the real power to stop any monopolistic arrangement reported by private individuals or companies.

We have implemented measures deregulating and liberating transportation services. First for the transportation of cargo and then the transportation of passengers. These measures will represent a significant reduction in the cost of this service.

Any citizen will have the chance to freely negotiate any fee for professional or any other kind of services. There will be no more fixed fees or fees established by any type of organization or association such as public notaries, attorneys, real estate agencies, accountants, and so on.

No professional or technician will be denied the right to exercise his profession in any part of the country. There will be no more exclusive registries; there will be equal opportunities for all.

Another important measure seeks to safeguard our peoples' health. The price of medicines might truly drop from now on because all stores that respect health safeguards will be authorized to sell medicines. Prices in general also might drop because stores and ports will operate from now on without any timetable restrictions. This will reduce the costs of merchandise and the users will have more accessible services.

We want to become modernized and to conquer new horizons. For this reason we are drastically deregulating foreign trade. All restrictions, quotas, and other restrictions on imports and exports will be lifted. The people will now be able to purchase cheaper and better-quality goods. National industrialists and producers will be able to broaden their foreign markets and reduce their bureaucratic costs.

The tightening of quality-control measures on imported goods will represent an additional safeguard for public health.

The simplification of custom procedures will reduce bureaucracy, costs, and, especially, corruption.

The state becomes stronger to perform its basic functions, I repeat, by fighting corruption and eliminating useless measures of control and regulations.

As a consequence, especially those organizations in charge of collecting revenues, such as Customs and the General Directorate of Taxation, will become stronger and those organizations imposing unnecessary burdens on production will be eliminated.

In this sense, we have ordered full liberation for wine, sugar, mate, and milk producers in order to generate genuine competitive conditions and so that suppressed energies may be released throughout the country.

Within this context, we have ordered the dismantling of the following organizations: the Regulating Commission for the Production and Marketing of Mate; the National Mate Market; the National Sugar Directorate; the National Grains Board; the National Meat Board; the National Forestry Institute; the Concentration Fish Market; the National Institute for Equestrian Activities; the Argentine Corporation of Meat Producers; and the Liniers National Livestock Market. The personnel of all

these organizations will be transferred to other public enterprises to be strengthened regardless of their corresponding privatization.

We want to encourage work, production, and exports. In order to pursue this end, we have ordered the elimination of more than 10 taxes that restrict growth and workers' jobs. Broker agents' commissions also were reduced. We will guarantee clarity in financial operations so that Argentines can save by investing in national enterprises. This means more work and more jobs for everyone.

Following the tenet of social justice that is established by Article 14 of the Constitution, we have ordered the creation of a single social security system. This means that all workers' and managers' contributions, social allowances, and funds administration will be unified in a single structure, thus avoiding duplication of functions and evasions, which end up hurting workers' interests.

With a similar social conscience, we have agreed that collective labor agreements must continue as they are at present, that is, by groups and activity or, if agreed, by trade, profession, or firm.

We have also decided to create a deregulation committee that will oversee the implementation of this decree in all productive areas.

Brothers and sisters, this is a brief summary of the most important measures that we will implement in the next few days. Each ministry will open an office to answer questions on this decree. Similarly, all ministers and their advisers will be under the auspices of the honorable Congress to give detailed reports on these decisions. We are aware that we are taking a very important step in favor of the people; in favor of the poorest; in favor of progress, ethics, and clarity.

Eighty percent of all regulations that are being modified or annulled were sanctioned by de facto governments and they are considered illegitimate governments. We are establishing clear and equal rules of the game for all. We intend to end all situations of privilege, all sinecures, easy deals, and linked favors.

I am assuming this challenge because I fully trust in the responsibility of the people; their leaders; their entrepreneurs; their politicians; their institutional representatives; in each provincial and municipal government. They also must face this great challenge. Finally, I trust the anonymous citizen who has the formidable tool of his freedoms in his hands to ensure the implementation of social justice, a social justice without absurd regulations; without unproductive obstacles; without unnecessary paperwork; without a strait jacket on creativity, intelligence, and each one's initiative.

We have reformed the state; we have reformed the market. Today we continue this historic path of reforms. We will not disappoint the expectations of a society ready to build its destiny of greatness. I ask you to continue supporting me in this daily task. The Argentine miracle depends, more than ever, on each one of you. Thank you; may God bless you.

Further on Deregulation

PY3110220891 Buenos Aires BUENOS AIRES HERALD in English 31 Oct 91 p 1

[Text] (NA-DYN)—President Carlos Menem last night confirmed he would announce a package of measures deregulating the Argentine economy soon. "We are going to totally deregulate the Argentine economy through a decree," Menem said. Rumours to that effect sent shares at the Buenos Aires Stock Exchange spiralling upwards yesterday while government officials kept mum about the impending move.

Officials at Government House were working feverously yesterday on the measures which Menem previewed at an Argentine-German Chamber of Commerce dinner at the Sheraton hotel.

The measures should include the elimination of state bodies which have regulated the Argentine economy for decades, such as the Liniers livestock market; the Mar del Plata Concentration fish market; the National Meat Board and the National Grain Board; the National Sugar Directorate and the National Wine Institute. The measures are also expected to do away with the red tape which ties down export procedures.

The elimination of controls on a number of areas, including the insurance market, ports, transport, the labour market, capital markets, foreign trade and professional fees, could result in an effective 30 percent devaluation of the austral, according to estimates by Economic Programming Secretary Juan Jose Llach.

Menem, determined to take full credit for this new package of measures, has imposed a vow of silence on high-ranking government officers concerning the announcements. "The order from above is to keep our mouths shut until further word from the President," one Economy Ministry official said yesterday.

The news of deregulation came on the heels of a draft bill put before the Congress by Justicialist senators reforming the statutes of the Central Bank yesterday. The bill is sponsored by Central Bank President Roque Fernandez.

Di Tella Outlines Move Towards Pro-U.S Policy

PY3110162491 Buenos Aires CLARIN in Spanish 27 Oct 91 p 12

[Report by Oscar Raul Cardoso]

[Excerpts] Foreign Minister Guido di Tella said that the government will try "to approach Italy and Spain" at the United Nations, but, the real objective behind this strategy is an upcoming change of attitude that seeks to come into line with the thinking of the United States.

The government will implement within the next few weeks a structural change in the country's foreign policy through its vote in the United Nations General Assembly. The most obvious goal is to significantly come into line with the thinking of the United States, reducing what the Foreign Ministry's political leadership calls Argentina's "country risk", although this argument leaves open a wide margin of doubt about its firmness.

When Di Tella spoke to CLARIN, he tried to reduce the dramatic overtones of this decision, presenting it as "a logical consequence, updating the international alliances" that Argentina has implemented during Carlos Menem's presidential term.

Nevertheless, reviewing the decision—and the way in which it was conceived—reveals that a mere statistical approach has replaced the substantial evaluation of each position taken by the government in various and complex world problems. There is a trace here of the same style that prevailed in Argentina's withdrawal from the Nonaligned Movement and in Argentina's involvement in Haiti's political crisis, a confusing action that involved considerable erosion for the country and for the government.

Di Tella says that it involves "approaching Spain and France [as published], which are social democratic countries," in the United Nations, but the truth is that the review was prompted in March by the latest edition of a yearly report that the U.S. State Department submits to the U.S. Congress to evaluate the way in which their interests are reflected at that forum. [passage omitted]

The package of votes that will be changed involves a total of about 90 votes and Argentina will remain—for example—in the uncomfortable position of avoiding the condemnation of military cooperation with South Africa or the violations of the international arms embargo that is still effective against that country—a resolution (45176/C) only voted favorably by the United Kingdom and the United States—and not even by the social democratic countries mentioned by Di Tella. This new position changes both Argentina's alliances on the international scene and very specifically within the Latin American group of nations that already perceive Buenos Aires as an individual entity.

There is an increasingly obvious asymmetry between the sensitiveness of the policies changed by the Foreign Ministry and the way of implementing them. Argentina's withdrawal from the Nonaligned Movement is an example. Shortly after announcing the withdrawal, Di Tella had to negotiate with his Egyptian counterpart, 'Amr Musa, an official invitation from Cairo for Menem, who was seeking a balance for his visit to Israel and also a space for himself in the Middle East peace process.

Musa reproached Di Tella for the Argentine departure from the nonaligned forum and suggested Argentine participation in a future joint commission, formed by the MPNOAL [Movement of Nonaligned Countries] and the Group of 77 (of which Argentina is still a member), as the beginning of a rapprochement process. Di Tella did not express any opposition.

While staying in New York, Di Tella heard his German counterpart, liberal Hans-Dietrich Genscher, say in his speech that "as before, we consider the Nonaligned Movement an indispensable source of global stability."

* Foreign Minister's Performance Criticized

92SM0046B Buenos Aires LA PRENSA in Spanish 10 Oct 91 p 7

[Report by Carlos Manuel Acuna]

[Text] The fallout from the political-diplomatic maneuvering that resulted in Argentina's intervention in the internal affairs of Haiti may have some rather unexpected consequences on our political scene; among other things, they may precipitate some changes that President Menem had been planning in his cabinet.

It is common knowledge that some changes were scheduled for the end of the year, but given the situation mentioned above, it is very likely that the Palacio San Martin [foreign ministry] will be in new hands. This could generate or speed up a chain reaction of movements, since some cabinet posts may be switched in a kind of castling maneuver, while other ministers may be removed altogether.

From Laguna del Desierto to Haiti

The fact is that Di Tella did not please anyone; after years of tenaciously defending and promoting the Third World, he adopted Menem's ideas in favor of returning to the First World. His former fellow travelers cannot forgive him for this change in attitude, and have unhesitatingly dubbed him "Uncle Siam," in reference to his brand-new alignment with Washington. In spite of that alliance, his intervention in the Haiti case did not jibe with and was not coordinated with the American positions.

In this regard, we might point out that, no matter what anyone says, the Americans were not at all in favor of keeping the former Third World advocate and priest Aristide in office in Port-au-Prince. There are allegations that the deposed president had already begun forming a parallel military force to launch a purely Marxist revolutionary process.

Moreover, sources say that Aristide's plans were supported by Fidel Castro, who needed an arena less detrimental to his continued presence in Havana, given that the Soviets no longer can or want to finance his disastrous regime.

Naval Blockade?

These facts contribute a great deal to explaining the failure of the OAS mission in Haiti and the internal political maneuvering aimed at legally replacing Aristide

through a congressional vote. As a result of that effort, the oldest judge was chosen as provisional president. This development was accompanied by comments in international circles to the effect that it is clear Aristide can never return to power again.

In view of these circumstances, Di Tella's subsequent proposal of a naval blockade against Haiti went over like a lead balloon. Not only that, but the plight in which our armed forces have placed themselves makes it virtually impossible for Argentina to take any part in such an action.

Hence Di Tella's shaky position, which is owing not only to what we have explained here, but also to other causes that are perhaps more profound.

Like it or not, these components of the situation, plus various blunders and contradictions committed by Secretary of Foreign Relations Juan Carlos Olima (he has two criminal cases pending against him) regarding the matter of Lago del Desierto, which Di Tella supported—all cast a pall over the position of those in charge of the Palacio San Martin. In fact, some prominent figures, including two former ambassadors and former ministers, have been put forth as possibilities to take over the foreign relations portfolio.

OAS Vote

Knowledgeable sources maintain that President Menem has stopped consulting Di Tella on these matters, and that he relies on other government officials to help him assess the current situation.

These officials have varying points of view, but it is generally acknowledged that Di Tella's days are over. To bolster this position, decision makers are reminded of forgotten incidents from Di Tella's term as ambassador to the United States, when he made some serious mistakes that were nonetheless not bad enough to prevent him from being put in charge of the Palacio San Martin.

Now another problem has arisen to upset the stability of the minister. His proposal before the Organization of American States that a naval and economic blockade be imposed on Haiti, theoretically leading to the restoration of Aristide, was rejected in a vote that will cause quite a stir, as only Venezuela and Mexico voted in favor of it.

The motion in favor of the blockade quickly led to the conclusion among Menem's advisers that it represented direct interference in the internal affairs of a third country, which violated a doctrine traditionally upheld by Argentina.

As if that were not enough, those who closely followed this process in the OAS observed that the original motion came from Carlos Andres Perez, the Social Democratic president of Venezuela, who convinced first the Argentine ambassador to the OAS (Patino Meyer, supposedly an expert on military matters) and then Di Tella himself.

Conflicts Hinder Elections in Voting Districts

PY3110220491 Buenos Aires BUENOS AIRES HERALD in English 31 Oct 91 p 11

[Text] (NA-DYN)—Three days after the third round of mid-term elections, conflicts persisted in four of the eight voting districts and it remained uncertain who would become the governors of Corrientes and Jujuy.

The most serious dispute is in Corrientes, where leaders of the Autonomist-Liberal Pact (PAL) and the Justicialist Party are resorting to different interpretations of the provincial constitution to claim victory.

Both groupings and their allies have reached a draw of 13 members each in the Electoral College (Corrientes is the only province still with an indirect election system) and each claim the right to choose the president of that body, whose vote will break the tie.

PAL leader Senator Jose Antonio Romero Feris yesterday appealed in Congress for support for his brother and gubernatorial candidate Raul, while the latter's Justicialist rival Alberto di Filippo stated that he had the endorsement of President Carlos Menem.

In Jujuy, where the Peronist victory is undisputed, the electoral courts will have to decide whether the new governor is Jorge Dominguez, whose list in a combined primary-election system got the most votes, or Guillermo Snopek, who claims that the other Peronist lists support his candidacy.

Meanwhile, electoral authorities in Santiago del Estero are starting a final round of vote-counting after Radical candidate Jose Luis Zavalia and Justicialist candidate Carlos Juarez accused the winning list of Justicialist Carlos Mujica of committing fraud.

As for Chaco, six polling-booths, which were still sealed because authorities had incorrectly placed election document inside, were finally opened in the final counting.

The Chaco Action Party (PACH) was reported to have won by little more than 1,000 votes in early tallies, but the six booths in question in the capital of the province, where the PACH made an excellent overall election, finally gave the provincial party a lead of an overall 1,421 more votes than their Peronist rivals.

Finally, Buenos Aires provincial Radical Party leader Juan Manuel Casella accused President Menem's government of "maintaining the worst traditions of fraudulent conservatism."

In comments on Sunday's polls, Casella said that his party was "alarmed" by the repeated accusations of fraud in several districts and recalled that "we had problems with fraudulent manoeuvres by the government in the Buenos Aires city of Avellaneda during the September 8 polls."

* UCR, Alfonsin's Fate After 27 October Viewed

92SM0046A Buenos Aires LA PRENSA in Spanish 12 Oct 91 p 7

[Report by Daniel Lupa]

[Text] Melchor Posse is one of the few Radical leaders who early on was willing to tell it like it was. On 17 December of last year, when it had not yet been decided who would run for governor of Buenos Aires, he declared: "If it does not revitalize itself, the Radical Civic Union (UCR) will become a minority influence."

But he was much more specific on 23 December when he launched his preliminary candidacy in San Isidro. On that occasion, he asserted that Alfonsin "is to blame" for the fact that the UCR "will see its electoral support plummet to unprecedented levels," because "the people are demanding a UCR that can present an alternative," and "those who have been punished by the popular vote since 1987 are not in a position to offer it."

A few months later—just before he was "begged" to keep quiet—Alfonsin predicted that the Peronists would lose 10 governor seats to the Radicals with their Alfonsinist candidates. That absurdity was followed by silence. And shortly afterwards, the facts highlighted the contrast between Posse's predictions in December and the electoral calculations made by the chairman of the National Committee in July-August.

Obsessive Repetition

The Alfonsinist candidates were formally excluded from any electoral possibilities in 13 provinces where they ran for office (only Rio Negro and Cordoba were excepted). This trend was confirmed by the fate of other candidates, such as Usandizaga in Santa Fe, whose performance during the campaign was praised even by Carlos Reutemann. Usandizaga managed to win a majority on a single-name ballot, without winning the support of the Alfonsinists represented by the Caceres-Reinaldo faction in the province, who could have given him the votes he needed to prevail.

Despite this evidence, which Melchor Posse recited like the ABCs of Radicalism until the end of the internal elections, the Alfonsinists are now preparing for the 27 October elections with a machine that is under their strict control in most districts. They are engaging in what many Radicals call an "obsessive repetition," in that they are insisting on putting in their own people despite their rejection at the polls by the populace, as if this insistence did not cover up vestiges of their old power which they are not willing to give up.

The candidates the Radicals will run in the 27 October elections are Alfonsinists in Jujuy (Alberto J. Salun), Chaco (Livio Lataza, widely favored because of the maneuvering by the "celestes" to ban retired Colonel Jose David Ruiz Palacios), Chubut (Carlos Mestre), and Corrientes (Pomar).

Because of the internal rift, Salta is the only district where the Radicals have resorted to slogans to overcome their internal differences. They are running an Alfonsinist candidate (Juan Carlos Gottifredi) and a leader who is reputed to be an Angelozist, Gladys Miguel de Vittar. Although she has made no formal commitments to the governor of Cordoba, Miguel de Vittar has clearly and overtly distanced herself from the "coordinating committee" and Renovation and Change.

The only candidate who has obvious Angelozist roots in the current picture is Limberto Sosa, running in La Rioja. He is part of the local group led by Raul Galvan, former undersecretary of the interior in the Alfonsin administration.

When elections are held in Catamarca on 1 December, the coalition opposing the Saadists will be headed by Arnoldo Castillo, a Radical who has put some distance between himself and the Alfonsinists. He served as governor during the military regime (1981-83), and is now leading a large political sector in the province, the movement protesting the murder of Maria Soledad Morales.

Finally, there are doubts about the candidate who is running in Santiago del Estero, Jose Luis Zavalia. Zavalia, currently mayor of the provincial capital, is the son of the veteran Sabattinist leader of Santiago, the nearly legendary Don Benjamin Zavalia. If the criterion is tradition and loyalty to the local Radical machine, he should be placed near the Angelozist factions; but he is reported to have contacts among the Alfonsinists, showing an independent streak.

When the Peronists were undergoing a severe schism, Zavalia considered the possibility of forming an alliance with the faction of the current governor, Iturre, in opposition to Senator Juarez, in keeping with the positions of the "celestes" and the Alfonsinists. Once the differences between the Iturrists and the Juarists were overcome with the "slogans law" [ley de lemas], Zavalia's electoral chances took a nosedive because of that doubtful initial alliance.

Thus, there are Alfonsinist candidates in five districts; in two other districts the candidates are estranged from Alfonsin, and in one district there is a persistent doubt.

Effects of the Results

Although it may seem strange, there are Alfonsinists who still maintain that the former chief of the National Executive Body (PEN) could wrest several provinces from the Peronists, imagining that the disputed situations in some districts are not clear or conclusive. The elections in Chubut are spurring hopes that may be exaggerated, but all expectations are a function of another controversy.

The longer it takes to issue final election results in the country, the more time the Alfonsinists have to exercise the formal majority they still enjoy on the National

Committee, which has enabled them to survive. The compromise reached with Angeloz and De la Rua moved the final announcement to December. Alfonsin is reportedly hoping for "one victory, just one victory" (sic) so that he can move around in "a field with fewer land mines" than that of the current contrast between the number of delegates to the National Committee and the number of votes actually received in the internal elections.

One of these salvaging results could come from the Chaco elections. This is why so much importance is attributed to the efforts of the "celestes" to keep Ruiz Palacios out, so that the Alfonsinists can run with a slightly significant handicap in the hopes that votes that would go to Chaco Action will now go to Livio Lataza.

Defense Minister Appoints Six Under Secretaries

PY3110164191 Buenos Aires TELAM in Spanish 1819 GMT 29 Oct 91

[Text] Buenos Aires, 29 Oct (TELAM)—Last night Defense Minister Erman Gonzalez appointed six new under secretaries within his ministry. This information was disclosed to TELAM by a Defense Ministry source who noted that the ministry was reorganized and that two new secretariats, the Military Affairs Secretariat and the Planning Secretariat, were created. The six undersecretariats are subordinate to the two new secretariats.

The Policy and Strategies Undersecretariat will be subordinate to the Military Affairs Secretariat and will be headed by sociologist Felix Gonzalez Bonorino, who studied at the Sorbonne University in France. The Science and Technology Undersecretariat will be headed by Brigadier General Mario Antonio Remetin, retired, a renowned military engineer. The Institutional Affairs Undersecretariat will be headed by Ira Luis Estevez.

The other three undersecretariats will be subordinate to the Planning Secretariat, which will be headed by Jorge Pereyra de Olazabal. Alejandro Maglione, a well-known businessman linked to the financial and banking world, will head the strategic Privatizations Secretariat. The Property Undersecretariat will be headed by Ana Kessler, who worked under Erman Gonzalez at the Finance Ministry and then became Defense Ministry production under secretary. The Budget and Administration Undersecretariat will be headed by Juan Costa, who was in this department under former Minister Humberto Romero's administration.

The new officials will be sworn in by the defense minister this week.

* Electric Companies To Be Privatized Next

* Senate Changes Rules

92SM0024A Buenos Aires CLARIN in Spanish 29 Sep 91 pp 22-23

[Article by Ana Ale and Eleonora Gosman]

[Text] A regulatory framework has finally been created for privatization of the electric system. The senators succeeded in fashioning a bill based on the proposal that the executive branch had submitted but subsequently had to withdraw in order not to risk a political defeat. One obscure point—but one that will give rise to much controversy—is the fact that no rate scale is established in the bill although a rate ceiling will presumably be established before ownership of the enterprise is transferred. For the prospective buyers (who so far are only two in number) there will be no guaranteed profitability. The system—as is well known—needs a major initial injection of funds to enable it to emerge from its obsolescent state.

After the failure of the first bill designed to provide a regulatory framework for privatizing the electric sector—a bill that the executive branch sent to Congress in April and subsequently had to withdraw—the senators came up with a new formula that modifies some aspects of the previous bill but retains the essential features of the original privatization proposal. No rate scale is included in the rejuvenated version, but apparently there is agreement on the need to establish a ceiling before public enterprises are transferred. This task would presumably devolve upon the Ministry of Economy.

Approval of the regulatory framework will not automatically mean settlement of the debate about rates. The problem involves determining the base on which to establish the price for electricity. When Yacyreta comes on line—tentatively scheduled to occur in 1994—the cost per kilowatt-hour delivered by the company may vary between 110 and 40 thousandths of a dollar. Such a great discrepancy is justified on the basis of two different calculations: the higher figure takes into account the total investment made in the dam project since construction began, while the lower figure takes into consideration only the investment needed to complete the project.

Yacyreta is not the only factor influencing the electric numbers, however. Decree No. 38 prescribes criteria for establishing electricity rates that presuppose, for 1992, a wholesale price of 51 thousandths of a dollar per kilowatt-hour. The current price is 46 thousandths.

The New Framework

The changes introduced by four Senate committees—based on meetings with Carlos Bastos, officials of the power companies, labor union officials, and entrepreneurs—were intended to correct certain curious provisions in the original bill.

For example, the provision that introduced the figure of the middleman, whom it defined generically as "one who purchases electricity en bloc and sells it en bloc to distributors and/or major consumers." One congressional adviser wrote in the margin opposite Article Eight—which contained this provision—the comment, "Don't need them."

The basic changes in the original draft were made in another area, however. In the new version, the five government officials that are to comprise the Regulatory Board will no longer be appointed by the Senate, nor will they be "irremovable" for a period of five years. The board will function as part of the Ministry of Economy, through the Undersecretariat of Electric Power. The Treasury department will appoint the five members, subject to the approval of the executive branch.

New Concepts

Other criteria introduced by the new regulatory framework:

1. SIGEP [General Syndicate of State Enterprises] will be involved in the control of the privatizations.

2. The export and import of electricity must have the prior approval of the Secretariat of Energy.

3. A National Electric Power Fund will be created, to be funded by a surcharge of 30 australes per kilowatt-hour above the prices to wholesalers and major consumers. The Secretariat of Energy will administer the fund, 60 percent of which will be allocated to a subsidiary fund for regional compensation and 40 percent to promote electric power development in the interior of the country.

4. The personnel of the privatized enterprises—SEGBA [Greater Buenos Aires Electrical Services], Hidronor [North Patagonia Hydroelectric Company], and Water and Power—will have an option to buy 10 percent of the stock.

5. The documents specifying bases and conditions may not contain any clause that implies a guarantee of profitability for the purchasers.

According to the bill before Congress, the advertisements for bids must specify the minimum capital that the bidders must be able to contribute. Another specification aims at ensuring that there will be no change in the structure of the consortium (as occurred, for example, in the case of Argentine Airlines) or in the distribution of the capital stock. This clause indicates that no one wants to repeat bad experiences.

*Electric Company Buyer Sought

92SM0024B Buenos Aires CLARIN in Spanish 29 Sep 91 p 22

[Article by Ana Ale and Eleonora Gosman]

[Text] Electricity of France (in association with the Spanish state enterprise Endesa [National Electric Power Company, Inc.]) is the only bidder with any possibility of successfully operating the electric power system—the next property up for privatization on the drawing board of governmental reform.

The need for lengthening the list of potential bidders has taken a delegation of government officials—headed by Energy Secretary Carlos Bastos—to the United States in search of more customers.

Four companies are bidding for the right to purchase the thermal equipment of SEGBA [Greater Buenos Aires Electrical Services] and Water and Power (which will prove to be the "advance guard" of the biggest of the privatizations). The U.S. company Enron—which will build a gas-separation plant in Neuquen—is considering the possible purchase of SEGBA's two power plants: Puerto Nuevo and Nuevo Puerto. Negotiations for the sale of the two power plants that have the best prospects for privatization, however, are in a more advanced stage.

One of these plants with the best prospects for privatization is the Lujan de Cuyo plant, for which the Cartellone group of Mendoza and several medium-size construction firms have made offers. The other is the Guemes plant, which if predictions prove correct will have at least two bidders: Techint and SADE [expansions not given].

There are few prospective bidders for the rest of the electric power system, however. A little more than a month ago Secretariat of Energy officials sent out invitations to 14 of the world's biggest electric companies, including several British companies, inviting them to sit down and talk with a view to finding the best conditions for privatization. Some of these companies said quite frankly that they did not consider the deal attractive. Still others failed to reply, and only Electricity of France International accepted the invitation.

Why such a poor response to the invitation? To begin with, because the electric power system requires an investment of hundreds of millions of dollars to enable it to function without outages. Moreover, the rates will contain no provision whatever concerning profitability. This means that unlike what happened in the case of Italo, profits will be uncertain.

"In principle, payment should be made entirely in cash," says the Executive Branch in its Message 1522 which it sent last month to Congress concerning privatization of the generation, distribution, and transmission operations of the electric power system. The message said, however, that before accepting a bid the Ministry of Economy "will be able to authorize" that a part of the payment be made in securities representing the Argentine Government's foreign debt obligations, in which case a table of equivalences between cash and registered public debt securities will be established.

The message states that "in no case will payment in securities representing the Argentine Government's domestic debt obligations be accepted." Although this decision appeared to be definitive in August, one month later it has become the subject of debate.

Accepting government bonds from its Argentine creditors and thereby canceling the government's obligations

to those investors is the only other course available to the Ministry of Economy if it wants the privatization of the electric power system to bear any resemblance to a competitive process. Ministry officials do not want to repeat their unpleasant experience with Argentine Airlines, which was awarded to the only bidder who showed up.

Party Deputy on Army Official's Retirement

PY3110171291 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 31 Oct 91

[Text] Justicialist Party Deputy Miguel Angel Toma spoke about the situation in the Army over the appointment of the chief of the Household Cavalry Regiment who, according to custom, is directly appointed by the president of the Republic from a list of three names proposed by the Army commander. Toma said that Army Chief of Staff General Martin Bonnet announced the appointment of the Household Cavalry chief without consulting President Menem which means he ignored the president's position as the commander in chief of the Armed Forces.

Deputy Toma said that Bonnet's retirement is the obvious result of a situation that should have been foreseen. Toma said that anyone reading the newspapers over the past few days could have realized that the unusual situation taking place in the Army would lead to this outcome.

Defense Minister Erman Gonzalez also referred to Bonnet's retirement. He said that it was a political decision jointly made by Bonnet and himself. He added that he will suggest that President Menem appoint General Martin Balza as Army chief of staff.

The Army Staff this morning released a communique that includes General Bonnet's retirement petition. It states that in order to not jeopardize the future organization of the high ranks of the Army, he presented his retirement petition to the Armed Forces commander.

Bolivia

Paz Criticizes Chile's 'Mental Backwardness'

PY3110181191 La Paz PRESENCIA in Spanish 20 Oct 91 p 1

[Text] Osaka (Japan), 19 Oct (EFE)—Bolivian President Jaime Paz Zamora, who concluded a four-day official visit to Japan, said today that Bolivia cannot reach an agreement with Chile on access to an outlet to the Pacific because Chile has an "obsolete and very conservative" policy.

In reference to Chile, President Paz asked: "Where have you seen a country with such mental backwardness that it is preventing Bolivia from gaining access to the sea when that country has 5,000 km of sea coast?"

He also called Santiago's position on this issue anachronistic in comparison with the fast geostrategic mutations taking place throughout the world, such as in the East European countries.

Paz admitted, however, that relations between political and business leaders of the two countries are better than ever, including his frequent telephone talks with La Moneda Palace in Santiago as well as with contacts between ministers from both governments.

Paz also accused Bolivia's "stupid opposition" of exploiting this territorial conflict for political means and for their own benefit in view of the possibility of being left without jobs if the conflict is solved.

Paz added that Chile wants to include $40 million in this year's budget for construction of a highway that will link up with the 190 km highway project between Patacamaya and Tambo Quemado in Bolivia. During his four-day official visit to Japan, President Paz obtained the promise of a loan of $37 million from the Toshiki Kaifu government to build that road. Paz also called the Japanese Government's decision to consider Bolivia a natural part of the Pacific basin very important .

President Paz Makes Official Visit to Japan

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For Japanese reportage on the visit by President Jaime Paz Zamora to Japan, including reports on his talks with Prime Minister Toshiki Kaifu, please see the Northeast Asia section of the 17 October East Asia DAILY REPORT and subsequent issues.

U.S. Envoy Concerned About Coca Eradication

PY3110202291 La Paz Television Boliviana Network in Spanish 1700 GMT 31 Oct 91

[Excerpts] Phillip Maclean, the U.S. deputy assistant secretary for South America, praised President Jaime Paz Zamora's antidrug efforts and mentioned the alternative development program's achievements. The high-ranking U.S. official was met by the president for a meeting that was also attended by the U.S. ambassador; the U.S. Embassy political adviser; and the Bolivian ministers of the interior, information, agriculture, and the Presidency of the Republic. Maclean said the meeting was cordial and important and that they held direct and frank talks. He pointed out that Bolivian democracy is solid and consistent and that the country lives in an atmosphere of stability and development. He added, however, that the U.S. Government was concerned about the government's failure to comply with the goals of the coca replacement program for this year. [passage omitted]

According to Information Minister Mario Rueda Pena, President Paz agreed with Maclean and added that this government has eradicated more plantations than any previous one. Minister Rueda said the government will fulfill the promises made.

[Begin recording] President Paz admitted that Maclean was correct. He emphatically added, however, that Bolivia will fulfill the promises made in this regard. [end recording]

Antidrug Effort Boosted by Six U.S. Helicopters

PY3110201891 La Paz Radio Fides Network in Spanish 1100 GMT 31 Oct 91

[Report by Nataniel Alvarez from Santa Cruz de la Sierra]

[Text] As foreseen, the United States delivered yesterday to the Air Force six new Huey-type helicopters to reinforce the struggle against drug trafficking in the country.

A C-5 Galaxy airplane from the U.S. Air Force landed yesterday at 1720 at Viru-Viru International Airport carrying six helicopters. This completes the fleet of 22 helicopters mentioned in annex [word indistinct] signed by the presidents of Bolivia and the United States.

The helicopters were (?received) without any protocol and without any speeches by the commander of the Bolivian Air Force Red Devils task force, Lieutenant Colonel Adolfo Perez Saldias.

The Huey helicopters can carry 11 passengers or 3,000 lbs. of cargo. They are directly used in the struggle against drug trafficking, and their operations bases are in El Trompillo in Santa Cruz de la Sierra; Chimore; Trinidad; and Santa Ana del Yacuma, as required.

These helicopters are solely operated and maintained by Bolivian personnel specially trained for this purpose.

Bilateral Agreement Signed With Paraguay

PY3110133691 La Paz Television Boliviana Network in Spanish 0200 GMT 31 Oct 91

[Text] Following two days of intense talks in Asuncion, Paraguay, Foreign Minister Carlos Iturralde Ballivian and his Paraguayan counterpart Alexis Frutos Vaesken agreed that bilateral relations are at an excellent level of understanding.

They signed an important document that will allow the implementation of projects that will further strengthen bilateral relations.

On behalf of their respective governments, the ministers agreed to implement the following projects: an antidrug agreement; the initiation of talks within the framework of ALADI [Latin American Integration Association] for the signing of a complementary economic agreement; a meeting in La Paz, Bolivia between officials of the energy industry of both countries to begin talks for the supply of natural gas and other hydrocarbons; the initiation of an agricultural and livestock cooperation program within the framework of the technical cooperation agreement; and the initiation of negotiations for the signing of a new contract between OMEDO [possibly EMEDO, Empresa Minera Estatal del Oriente] and ACEPAR [Paraguayan Steel, Inc] for the provision of iron ore.

Visit of Peruvian Special Mission Denied

PY3110145091 La Paz EL DIARIO in Spanish 28 Oct 91 p 1

[Text] In an explanatory note sent to EL DIARIO, Peruvian Ambassador Oscar Maurtua de Romana denied that a special Peruvian mission is currently in the country. He also said that no type of meeting was planned like that mentioned in a report published in this newspaper on 27 October on the mediation of the Bolivian Government in the border conflict between Peru and Ecuador.

The note also reads that the Peruvian Government did not ask the Bolivian Government to become involved in any type of negotiation or gave it any mediation mandate.

The note also reads that, as stated in Official Communique No. 26-91 released by the Foreign Ministry, the Peruvian Government remains faithful to its tradition of peace and law. Peru has reaffirmed its total pursuit of integration and its commitment to strengthen the climate of understanding, peace, friendship, and confidence. Peru also indicated that the Protocol of Peace, Friendship, and Borders, signed between Peru and Ecuador in 1942, is the current legal instrument for the two countries. Any problems should be discussed within its framework.

Moreover, with respect to the report published 27 October on Bolivia's mediation in the Peruvian-Ecuadoran conflict, the information about the special Peruvian mission was based on remarks made by the special ambassador of the high-level Ecuadoran commission that arrived in Bolivia on 25 October.

It was reported that this mission will meet with top Bolivian authorities, including President Jaime Paz Zamora; Foreign Minister Carlos Iturralde; and Vice President Luis Ossio Sanjines. It will also meet with former foreign ministers, though this has not been confirmed.

Peasant Leader Says Drug Trafficking Protected

PY3110202691 La Paz Radio Fides Network in Spanish 1100 GMT 31 Oct 91

[Text] According to Evo Morales, executive secretary of the Special Federation of Peasant Workers of the Tropics, there is protection for drug trafficking in our country. He noted that Interior Ministry officials are not interested in discussing the type of protection for drug trafficking implemented in our country.

[Begin recording, in progress] ... the government through the Umopar [Rural Area Police Patrol Unit] people. Drug trafficking is being promoted, so to speak, because

when we tried to get the coca out, the Umopar people actually introduced it in the (?jungle).

On one occasion, for example, in (?Hisinuta), we discovered that Umopar personnel seized coca and then made it disappear. And we have reported this to the Interior Ministry social defense secretary, but he has not given us any response. He has not made it clear where the coca seized by Umopar ended up. [end recording]

In light of these irregularities, coca producers rejected the eradication of coca crops.

Therefore, today, in a massive rally, the country's workers, coca producers, and peasants will jointly hold a protest march in all departmental capitals to mark both the nationalization of the mines and to reject the privatization of state-owned companies.

Brazil

President Collor's Economic Choices Analyzed

PY3110230491 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 91 Economic Section p 1

[Report by Rolf Kuntz]

[Text] President Fernando Collor is facing two choices besides escaping. The first one is to accept the risk of hyperinflation while waiting for the approval and first results of the fiscal reforms. The other choice is to try to prevent the explosion of prices with a new intervention in the market. The tough words used by Collor against businessmen on 25 October could be the prelude to the implementation of either of those choices.

The first choice will be the prolongation of the current policy. Interest rates will be kept high; inflation will continue to rise; unemployment will increase; and businessmen will be forced to export and sell dollars to get cheaper working capital. Even if he takes the risk of hyperinflation, an effort must be made to prevent a money exchange crisis. If reserves suffer a great drop, the government will lose some freedom in carrying out its policy. Any negotiation abroad will be made under a great handicap.

The second choice may be a return to price controls, perhaps a freeze. That type of solution is worn out and will only produce some effect if it goes along with something new. The fiscal reform project may be something new but it may not be enough to give credibility to the president and his team. Something stronger could be implemented: a draft law to prohibit the Central Bank from negotiating Treasury bonds and from rescuing the Treasury under any circumstances. That would be the most drastic solution: The Treasury would simply be prevented from spending beyond a certain level. The adjustment of the federal accounts would be mandatory but only a government with solid support would try to do that. Deputy Cesar Maia (PMDB-RJ) [Brazilian Democratic Movement Party-Rio de Janeiro] and former Minister Mario Henrique Simonsen have proposed this type of solution. This proposal may also complement the first choice.

In the second choice, it will be possible to reduce the cost of money but the interest rate must remain high—that is, above the inflation rate.

A price-freezing policy would be, however, dangerous and difficult to enforce at the end of this year, when salary readjustments are made and the Christmas bonus is paid.

The return to indexation would be compatible with any of the choices. In the first choice, it may even act as a reinforcement of the monetary and financial policy by stimulating savings and facilitating the sale of government securities. It would also act as insurance against the distortions created by a freeze.

The dollarization would be the most complicated solution because of the lack of reserves. Without many dollars in the safe, there is no way to sustain a fixed exchange rate, which is essential in a policy similar to the one implemented in Argentina.

Hyperinflation itself may be seen as a way out if there were no risks of social explosion. The price system would be destroyed in a country with about 45 million people living below the poverty line; growing unemployment; and a very run-down social structure. But a man who loves dangerous sports may be willing to experience it, especially if he is disappointed by the normal administrative process. According to the most optimistic evaluation, the hyperinflation may create favorable political conditions for an understanding. But more than just courage will be necessary to run that risk.

Marques Forecasts 'Delicate Economic Situation'

PY3110134691 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 31 Oct 91

[Excerpt] Economy Minister Marcilio Marques Moreira told members of the National Monetary Council that Brazil will experience a delicate economic situation between November 1991 and March 1992. He described this period as a bridge to sustained stability, a period during which the government will continue to implement classical measures to control the economy, including high interest rates. [passage omitted]

* Franco's Complaints Against Collor Assessed

92SM0037A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Oct 91 p 5

[Article by Marco Damiani]

[Text] The vice president complains about Collor, demands a more important role, and fights the privatization of Usiminas [Minas Gerais Iron and Steel Mills, Inc.].

Brasilia—Vice President Itamar Franco is tired of being a kibitzer. Operating from his office in the annex to Planalto Palace—an office devoid of any luxuries—he has decided to avail himself of the constitutional guarantees provided by his status to "dig a trench of opposition" to various aspects of the policy developed only a few meters from his office by President Fernando Collor. "If the president, or anyone else," he says, "thinks he is going to relegate the vice president to a secondary role, he is very mistaken," he emphasized yesterday morning to O ESTADO DE SAO PAULO. "My constitutional persona is just as important as that of the president, and I will not tolerate from him or anyone else any kind of humiliation so long as I am here."

Itamar's resentment toward Collor is obvious. He points out that he served Minas Gerais and the nation for 16 years as a senator and had anticipated that this experience would be put to use by the government. He complains loudly, however, that Collor does not transmit information to him, much less ask his opinion on major policy decisions. "In the past 48 hours," he said, "I have been better informed via Congress than by Planalto Palace, which is right next door," he declared with respect to the negotiations taking place within the government—the government of which he is a part—concerning the omnibus amendment ["Emendao"] that was finally sent to the Legislative Branch yesterday.

In the capital of the Republic, one of many questions being asked concerns the motivations that led the vice president to play hardball with the president. His aides swear that the reported alliance between Itamar and Bahia Governor Antonio Carlos Magalhaes for the purpose of destabilizing the Collor administration is no more than a rumor. Itamar himself—taking still another verbal jab at Collor—has chosen a less saturnine explanation. "Unlike the president," he said sarcastically, "I have always treated the press well, but it seems that only now has the press discovered that I am here." A third alternative explanation of his behavior—which in every way is leading him inevitably to a clash with the president—goes by the name of Usiminas, the gigantic state enterprise in the iron and steel sector that the government is planning to privatize.

"Breaking Down the Door"

"This privatization is prejudicial to the national interest," says the vice president, who is a Bahian by birth but was politically born, raised, and trained in Minas Gerais, where politicians are not usually so outspoken. "I shouldn't say this, but after you break down the door I don't know what will happen," he added ominously, comparing the privatization process to a criminal assault. This topic, for the moment, is monopolizing Itamar Franco's attention. Yesterday, after passing up his lunch break, he personally ordered coffee by telephone, caught his second wind, and continued to speak on the same topic. "I doubt—yes, I really doubt—that if Usiminas were in Rio de Janeiro it would be priv[illegible]ed," he declared, in a discourse that concealed criticism and also praise of two state governors. Itamar appeared to reserve the negative part of his comment for Minas Gerais Governor Helio Garcia, because of Garcia's posture of aloofness from the debate over the sale of the state enterprise, whereas he recommends emphasizing the positive aspect of the position taken by Rio de Janeiro Governor Leonel Brizola, who invited him—through Senator Mauricio Correa (PDT [Democratic Worker's Party]-Minas Gerais)—to take part in a rally opposing the sale of the state enterprise.

Even though he did not accept the invitation to attend the rally—"I must hear first from Minas," he said—Itamar is prepared to open a new battlefront against the Collor policies. Also on his desk is the constitutional amendment of Senator Jose Richa (PSDB [Brazilian Social Democracy Party]-Parana]), which would move up from 1993 to 1992 the date for the plebiscite on the system and form of government. It is almost certain that Itamar will support the initiative, but it is an absolute certainty that he is not prepared to retreat from his present position. "There is no possibility of my leaving office," he insists.

Deadline for Agrarian Reform Program Announced

PY3110175291 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 31 Oct 91

[Text] President Collor set 14 November as the deadline for Agriculture Minister Antonio Cabrera to present a national agrarian reform program. The aim is to benefit 400,000 families with rural property deeds, making a total of 500,000 deeds issued—a promise Collor made during his campaign for the Presidency of the Republic.

Cabrera will meet tomorrow with all other ministers to conduct a survey on the financial and legal difficulties and to draw up proposals to implement the settlements.

At the Chamber of Deputies Agriculture Commission, Plinio de Moraes, the executive secretary of the Agrarian Reform Association, said that he does not believe in the distribution of land by the current government. He said that there is no national agrarian reform program for the settlement of about 1.4 million families.

Agriculture Ministry Projects Record 1992 Harvest

PY0111142691 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 31 Oct 91

[Excerpts] The Agriculture Ministry released today the first figures on the 1992 harvest. It is expected to yield 64 million tonnes, an increase of 9 million tonnes over this year. The Ministry of Agriculture expects that this will be the second or third largest harvest in the history of the country. According to Minister Antonio Cabrera, the package of agriculture promotion programs is responsible for the 1992 production increase. [passage omitted]

Brazil needs to harvest at least 64 million tonnes if it is to be self- sufficient. Cabrera said that the goal will be reached if climatic conditions remain favorable. Cabrera

also said that agricultural raw materials will be free from ICMS [Merchandise and Distribution and Services Tax] as of tomorrow. Cabrera said the measure will positively affect the final price of products.

* Impact of Poor Agricultural Policy Assessed

92SM0042A Sao Paulo VEJA in Portuguese
2 Oct 91 pp 80-82

[Text] A movement which is at first glance of interest only to rural producers has in recent days sounded a terrible warning for Brazilian agriculture. In Sao Paulo last week, the price of Brachiaria umidicola, a pasture-grass seed, went up from 1,200 to 5,000 cruzeiros per kg. The reason is that farmers are showing an abnormal interest in buying this grass seed, and the result is obvious. Where more grass is planted, less beans, rice, soybeans, and corn will be sown. No one can imagine the Brazilian farming sector becoming a vast pastureland. What is frightening is seeing the planted area dwindle at a rapid rate.

Since the record year, 1989, when the Brazilian grain harvest came to 72 million tons, there has been increasing havoc in the rural sector with every passing year. In 1990, the country harvested only 57 million tons. The harvest volume this year has dropped to 56 million tons, and an even smaller harvest is predicted for the coming year. There is more. Brazil, which in the past was one of the major world grain exporters, is spending $1.5 billion this year to import the wheat, corn, soybeans, and rice which the Brazilian farmers did not produce. This represents money which is being sent abroad. The government today is buying food from other countries because it failed to lend money to the producers at the proper time. "If this money had been used to finance our farmers, we would have had a much larger harvest this year," Antonio Ernesto Salvo, the president of the National Agriculture Federation, says.

Deterioration

In numerical terms, the extent of this deterioration will only be known when the first statistics about the area planted in Brazil and the estimates of the size of the coming harvest are available. The practical consequences of this new rural picture, however, are frightening. The disaster is likely to lead to a substantial reduction in manpower, and this mass of workers will probably go to the large cities in search of work. There is also a foreseeable problem of food supply. Finally, there are the financial difficulties being experienced by the farmers, who since they are planting less, will not earn enough to pay their debts to the banks. According to National Agriculture Confederation figures, there are 80,000 indebted farmers in the country who owe a total of 500 billion cruzeiros.

Two weeks ago, after a long period of neglect, the government turned its attention to what is happening. At a meeting attended by 64 government officials—ministers, secretaries, and state presidents included—President Fernando Collor demanded that the Ministries of Economy and Agriculture provide a rapid solution to the problem. He gave them a deadline of one week to produce some plans, but as of Friday night, not much progress had been made. What occurred, on the contrary, was a week full of meetings which produced nothing. Despite the slow pace of the technicians in Brasilia, President Fernando Collor's concern about the problems in the rural sector is tremendous, and it is expected that a farm "package" will be announced within the next few days. Collor's irritation is so great that just a few days ago, he gave his aides a very harsh dressing down. "If the harvest next year is the same as that this year, someone will have to answer to President Collor. I am working hard because I do not want this to be my fate," the president of the Bank of Brazil, Lafaiete Coutinho, said last week.

The picture is a complicated one. In the last two years, the population of Brazil has increased by about 4 percent, while grain production has tumbled more than 20 percent. This disparity is already causing problems, and if the government does not make some provision within a very short period of time, imports of food may double to 14 million tons next year, which would mean an expenditure of $4 billion. The contradiction lies in the fact that this is happening in a country which has sunshine throughout all four seasons of the year, and has been generously endowed with land and water. For Brazil to import food is as fantastic as it would be if Saudi Arabia, one of the major oil producers in the world, were to import fuel.

The Squeeze

A part of the drama seen in the agricultural sector, it must be recognized, has to do with the weather, because the drought has dragged on. But the most important problem in the Brazilian farming sector continues to be the lack of money for the financing of plantings. The squeeze began with former minister Zelia Cardoso de Mello, who wanted to use agriculture to implement the monetary policy. In August of last year, this minister promised to make almost $5 billion available to the farmers, but only a half of that quantity was released. Zelia left office, and her place was taken by Marcilio Marques Moreira, who is also insisting on keeping the coffers sealed. "Farm policy has been the greatest tragedy of the Collor government. It has been drafted by persons who are incompetent in the field of economics," Deputy Antonio Delfim Netto, a former minister of agriculture and finance, says.

In the past 10 years, loans to the rural sector have tumbled from 9.5 trillion cruzeiros to a wretched 2.3 trillion last year, a reduction to one-quarter in real terms. In the countries of the First World, farm production is subsidized. The farmers in the United States and the countries of Europe have credit facilities and various sorts of assistance in the planting process. Last year, the

European Economic Community paid out $85 billion in subsidies to farmers. The United States spent $80 billion for this same purpose.

It is not only the difficulty of obtaining credit which is interfering with the life of the farmers in Brazil. Those who do obtain loans must pay very high interest rates. According to a survey carried out by Deputy Delfim Netto, the small producers are paying real interest of 9 percent per year. And, based on the rates in effect, the average farmer is paying 18 percent in interest, plus the variation in the TR [Reference Interest Rate]. This makes it impossible to count on any type of return in this sector. And the large producers are paying interest of up to 30 percent per year in real terms, when they can find credit. "With an interest rate like that, even I would not plant," Minister Cabrera says. He is a rancher who owns 1,300 hectares of land in Goias. Cabrera has already said that if the interest rate does not decline, his land will go from a crop area to pastureland. If the minister of agriculture himself is willing to convert from planting crops to pastureland, imagine what the future will bring.

In Agua Boa, a municipality with a population of 30,000 located in the interior of Mato Grosso, which had a period of prosperity in the 1980s thanks to the dollars earned from soybean exports, many farmers are reducing their planted areas, or are raising cattle instead of planting soybeans. On the Pizarro Brothers Ranch, one of the largest in the region, the employees recently cut down tens of prickly-brazilwood trees to build a corral. In Parana, the largest wheat-producing region in the country, the area planted with this grain is down by 33 percent from the figure for last year, and the harvest is expected to be 40 percent below the average for the preceding years. In Sertanopolis, a municipality in Parana located in one of the most fertile regions of the country, discouragement is also widespread. Last year, Amilton Teixeira Martins, the owner of 60 alqueires of cropland and 130 alqueires of pastureland, had to sell cattle in order to obtain the funds for bank financing. If he wants to keep his planted area intact, he will have to do the same again this year, but he is in debt. "It is possible that no one will plant wheat next year," he says.

The Consequences Continue

The agricultural disaster in Brazil is spreading in several directions. According to the Ministry of Agriculture, 40 percent of the rice produced in Uruguay is planted by Brazilian farmers, and the same is true for 60 percent of the soybeans harvested in Paraguay. While thousands of young Brazilians are emigrating to the United States and Europe, many farmers are clearly going abroad, as well, with the difference that their exodus is to the neighboring countries. Erico Ribeiro, a cautious Rio Grande do Sul businessman who is the leading producer of rice in the country, was a part of the convoy which left for Uruguay to settle there. Sao Paulo businessman Olacyr de Moraes, the largest planter of soybeans in the country, is moving a part of his equipment park to Bolivia. On the periphery of agriculture as well, the farming disaster is visible. Last year, the number of machines and tractors sold in the country dropped to half the average for the preceding years. Brazilian Valmet, a branch of a Finnish state enterprise which produces agricultural machinery and is one of the largest such enterprises in Europe, is manufacturing tractors in Brazil, but is tightening its belt. With business declining, this enterprise has over the course of a year dismissed half of its employees, put its headquarters in Sao Paulo up for sale, and is selling the land on which it had planned to build new factories.

Metalworkers End Strike; Pay Raised 113 Percent

PY3111235291 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 31 Oct 91

[Text] The strike staged by Sao Paulo, Osasco, and Guarulhos metalworkers ended in a party today. The regional labor court decided that metalworkers must receive a 113 percent adjustment.

Workers waited in a group for the labor court decision. When the decision was announced there was no doubt. [loudspeaker announces court decision, that is interrupted by applause and cheers] The metalworkers' strike that affected San Paulo, Guarulhos, and Osasco ended in a festive climate. Workers accepted the labor court decision adjusting their salaries by 113 percent. Their total salary increase for the year now totals 543 percent.

Metalworkers consider this a victory because inflation was 410 percent in the last 12 months. Workers will also be paid 100 percent for overtime and will be given job security for four months. They will all return to work tomorrow.

Decision To Suspend Privatization Auction Upheld

PY3110135491 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 31 Oct 91

[Text] Judge Sergio Feltrin Correa of the 6th Federal Court of Rio de Janeiro upheld the ruling suspending the auction of the shares of Celma [Electromechanical Company], scheduled for 1 November at the Rio de Janeiro Stock Exchange.

The court decision responds to a petition by the BNDES [National Bank for Economic and Social Development] which filed a court injunction seeking to maintain the date for the privatization of the state-owned company.

The BNDES also filed an injunction with the Regional Federal Court to annul Judge Feltrin's decision. Judgment must be passed today on the BNDES injunction.

Decision Repealed

PY0111120091 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 31 Oct 91

[Text] The Rio de Janeiro Federal Regional Court [TRF] has guaranteed that the shares of the Electromechanical Company, Celma, will be auctioned at the Rio Stock Exchange on 1 November. Acting TRF president Julieta

Nivea Luz repealed the decision of Judge Sergio Feltrin Correa of the 6th Federal Court and upheld Government Attorney Gustavo Tepedini's injunction.

The auction of Celma shares will take place tomorrow afternoon at the Rio Stock Exchange using an electronic system.

The news was received calmly by Celma's directors and then transmitted to Eduardo Modiano, president of the National Bank for Economic and Social Development [BNDES], who was in Belo Horizonte participating in the Usiminas [Minas Gerais Iron and Steel Mills, Inc.] special general assembly to elect a new board of directors and to change the company's constitutional statutes. The decision was described as fair by Modiano's advisers.

The ruling also makes clear that the proceeding used by the privatization commission was correct. Sources at BNDES are confident that the Celma auction will be successful. The auction will be subject to the same security procedures that were provided at the Usiminas auction by the Rio de Janeiro Military Police General Command. A total of 500 men supported by dogs and antiriot troops will guarantee security at the auction.

* Industrial Production Down 1.2 Percent in June

92SM0037F Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section) 5 Oct 91 p 3

[Text] By comparison with June of last year, industrial production rose 5.9 percent, according to the IBGE [Brazilian Institute of Geography and Statistics].

Rio de Janeiro—The nation's industrial production declined 1.2 percent in June by comparison with the figure for May. This was the first negative result for industrial production in the three months leading up to June. By comparison with June 1990, when production was still feeling the impact of the Collor Plan, there was 5.9 percent growth, according to the balance sheet published yesterday by the IBGE. The pharmaceutical industry recorded the largest decline (down 15 percent).

In the opinion of the technical experts of the IBGE, the principal causes of the negative result in industry were the poor performance of the petrochemicals sector—which was reflected in the decline in production in the chemical sector—and the cooling off of traditional sectors such as food products (down 4.3 percent) and clothing (down 2.7 percent).

Capital Goods

The capital goods sector, however, maintained the growth that was begun in April, with a rise of 3.1 percent by comparison with the figure for May. This increase occurred basically as a result of the positive performance of the truck and bus plants and the shipbuilding industries. On the other hand, the production of producer goods recorded a decline of 2.3 percent and the production of consumer goods remained virtually unchanged, with a rise of 0.2 percent.

In the same month, the transportation equipment sector recorded a growth of 7.1 percent, the electrical equipment sector 4.6 percent, and the metal-processing sector 0.1 percent. In this area there was only one exception: the machine-building sector, which recorded a decline of 0.2 percent by comparison with May, although it kept ahead of the average for the other industries.

The IBGE also recorded an expansion of production in 32 of the 49 sectors surveyed, by comparison with June 1990. The greatest growth was recorded in the shipbuilding industry (up 83.2 percent), automobiles and light trucks (72.7 percent), sugar refineries (45.4 percent), coal mining (39 percent), and trucks and buses (37.9 percent). The good performance in the transportation equipment and motor vehicle sectors was attributed to the increased demand for ships and also the increased demand for automobiles following the end of the strike in the ABC [Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul] industrial areas of Sao Paulo State.

* Industrial Production Resumes Decline in June

[Report by Rio correspondent Vera Saavedra Durao]

92SM0048D Sao Paulo GAZETA MERCANTIL in Portuguese 5-7 Oct 91 p 12

[Text] Brazilian industrial production fell by 1.2 percent in June in relation to May production, signalling a reversal in the trend toward recovery of industrial activity that had been detected, starting in March, in surveys by the Brazilian Institute of Geography and Statistics (IBGE). When June 1991 is compared with June 1990, according to figures released by the institution on Friday, industry expanded by 5.9 percent. The cumulative figures for the first half of the year show a decline of 1.3 percent; annualized, the indicator drops by minus 5.9 percent.

Sectors Surveyed

The retraction in manufacturing activity in June was surprising, given the expectations prevailing among merchants in the first half that they would see a short-term revival of sales when the new cruzados were refunded in September. The IBGE survey shows, however, that of the 17 industrial goods surveyed, 12 experienced a retraction in June compared with May. This was especially true of pharmaceuticals, which declined by 15 percent during the period. Low production in the chemicals industry (3.4 percent less), coupled with a cooling-off in traditional mass consumption sectors such as food products (down 4.3 percent) and apparel (down 2.7 percent) contributed to the turnabout in industrial output.

The weak performance by industry during the period surveyed was due to the persistence of weak demand, given the continued declines in the purchasing power of the general public because of lower wages. This is indicated by the performance of the nondurable segment (mass consumption goods), where production was down by 1.3 percent.

Consumer goods in general showed a growth in June of only 0.2 percent above the May level. This rate, positive on the average, can be credited to more favorable results in durable goods, which rose by 6.2 percent, influenced by one sector that is recovering: transportation goods, which were up 7.1 percent from the May level.

Brazil: Industrial Production Indicators by Industrial Categories and Goods.
Monthly Fixed Base Index (Index-Number)
Base: 1981 Average = 100

CI-80 Weighting, plus seasonal adjustment

Categories and Goods	Jan	Feb	Mar	Apr	May	Jun
General Industry	102.9	101.66	103.82	116.97	117.37	115.94
Mining	201.72	198.70	190.92	203.93	210.39	204.21
Manufacturing	99.07	98.73	101.19	114.35	114.56	113.27
Nonmetallic Minerals	78.88	80.57	89.69	95.28	100.34	98.39
Metallurgy	97.69	106.01	103.63	121.00	119.38	119.46
Basic Metallurgy	104.87	108.71	104.60	121.94	124.66	122.99
Other Metals Products	86.19	101.67	102.06	119.50	110.94	113.80
Machinery	81.32	79.03	81.96	87.05	90.02	89.91
Electrical & Communications Goods	102.79	106.76	108.89	131.64	123.44	129.11
Transportation Goods	88.38	74.54	88.12	88.01	96.17	102.99
Automotive Vehicles	99.99	78.32	98.23	95.05	105.44	115.55
Other Transportation Products	65.48	67.08	68.16	74.11	77.86	78.18
Paper and Cardboard	130.10	135.38	144.29	148.17	153.64	154.93
Rubber	118.30	99.09	90.40	149.11	139.62	136.16
Chemicals	114.87	113.72	100.76	129.89	131.17	126.67
Refined Petrochemicals	113.51	107.56	71.98	130.98	121.91	112.08
Other Chemicals Products	115.76	117.75	119.66	129.17	137.25	136.25
Pharmaceuticals	103.83	95.03	105.28	125.03	120.41	102.3
Perfume, Soaps, Candles	148.28	163.21	175.73	202.70	172.41	168.56
Plastics Products	108.40	95.35	123.18	130.29	129.65	121.60
Textiles	78.79	88.21	94.98	105.18	100.58	100.04
Apparel & Footwear	61.77	60.80	70.85	75.62	72.36	70.42
Food Products	113.82	111.85	116.11	119.89	126.12	120.66
Beverages	146.52	144.75	145.14	154.12	145.32	149.11
Tobacco	163.19	152.18	138.81	155.09	122.21	113.33

Source: IBGE/DPE/Department of Industry

Intermediate Goods

Another category that performed poorly in June was that of intermediate goods, particularly cement. In comparison with May, the results of the industrial production in that segment sagged by 2.3 percent, influenced by the energy intermediates, output of which retreated by minus 6.1 percent. During the first six months of the year, intermediates expanded by 0.8 percent.

The capital goods sector, according to the IBGE, maintained the rising trend begun this past April and experienced a growth of 3.1 percent since May. The surveyed indicator was boosted by the positive performance of "trucks and buses," IBGE pointed out. However, some subcategories, such as capital goods intended for the construction sector (down 5 percent), and agriculture (4.1 percent less), had poor results in relation to May.

Trade Surplus Figures, Inflation Rates Announced

PY3010124891 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 30 Oct 91

[Summary] The Foreign Trade Department of the Economy Ministry reported that the September trade surplus totals $535 million. This surpasses the August surplus by 2.29 percent. Exports amounted to $2.1 billion and imports to $1.565 million.

The Getulio Vargas Foundation reported that the October inflation rate based on the General Price Index, IGP, totaled 22.63 percent. This represents a 7.7 percent increase over the September inflation rate which totaled 14.93 percent.

Nelson Pessuto, president of the Fiscal Auditors Union of the National Treasury, reported that the National Treasury collected 4.5 trillion cruzeiros less in 1991 as a result of the end of the National Treasury Bond. Pessuto said that there are far too many tax evaders in Brazil and that, consequently, the Federal Revenue Office only collects 50 percent of the taxes established by law.

Foreign Currency Reserves Reduced $856 Million

PY3110212491 Rio de Janeiro O GLOBO in Portuguese 26 Oct 91 p 31

[Text] Brasilia—Reserves in foreign currencies were reduced by $856 million. In July, the reserves totaled $8.908 billion but decreased to $8.052 billion in August. This was the lowest foreign currency level since April, when the reserves stood at $7.609 billion. Regarding international liquidity, the August reserves totaled $9.261 billion, while in July they totaled $10.113 billion.

The main reasons for this reduction were the payment of $495 million in overdue interest on the foreign debt to foreign banks and a decrease in the number of dollars entering the country, which was the result of reduced exports. This reduction forced the Central Bank (BC) to sell $180 million to supply the dollar market.

As the crisis continued, the BC had to implement a mini-devaluation of the cruzeiro on 31 September [date as published] to maintain the minimum level of reserves called for by Senate Resolution No. 12.

* Economic Instability May Delay Mercosur Agenda

92SM0037D Sao Paulo GAZETA MERCANTIL in Portuguese 4 Oct 91 p 6

[Article by Maria Helena Tachinardi]

[Text] Creation of a free trade zone, a customs union, or a common market among Brazil, Argentina, Uruguay, and Paraguay in December 1994 is pure "prophesy," a Mercosur [Southern Cone Common Market] source told this newspaper yesterday. The major concern at the moment is the direction in which the Brazilian economy is headed. "The future of the common market depends on Brazil," this source stated.

The country that is most worried about the Brazilian economic and political crisis—and the possibility of a return of the high rates of inflation—is Argentina. This newspaper has learned that President Carlos Saul Menem and his Minister of Economy Domingo Cavallo will probably demonstrate their support shortly for President Fernando Collor de Mello and Economy Minister Marcilio Marques Moreira.

Casvallo is going to meet with his Brazilian counterpart in Bangkok during the annual meeting of the IMF within the next few days. The Argentine concern is centered primarily on the danger of hyperinflation in Brazil as a result of the return to the "new cruzados" economy. Given the deepening crisis in Brazil, Mercosur diplomats are asking themselves questions about the difficulties that will come to the fore in the next three years.

One of these questions relates to the type of economic zone that will exist in the Southern Cone. One Brazilian diplomatic source suggested this week that in December 1994 the four countries will succeed in forming a free trade zone, that is to say, a zero tariff zone. The next step would be a customs union, with the establishment of a common external tariff (for third countries) and—but only later—the formation of a genuine common market with free circulation of the factors of production (citizens, raw materials, and capital).

According to one Mercosur expert, the Argentine government is concerned over the interpretation that is being given in Brazil to the success of Argentina's economic policy. Argentina does not wish to impose its model on Brazil, especially because it is inventing nothing but only doing what others have done successfully. This expert added, however, that in Brazil there is a perception that Menem is using his personal relationship with U.S. President George Bush to demonstrate that he is receiving favored treatment. Argentina is in fact striving to have a special relationship with Washington, but has given first priority to Mercosur. Menem will go to the United States in November and tell Bush that he is ready to subscribe to the Brady Plan. He will also tell the Jewish community in the United States that Argentina is a "defender of Israel's rights."

The Argentine president is at the present moment visiting Israel and Tunisia. Argentina will vote in the United Nations to overturn the resolution that regards Zionism as a species of racism.

Argentina believes that it would be advisable to formulate a joint policy with Brazil toward the United States rather than approach the Americans alone, according to the same source. The Argentines are also prepared to reduce the price of natural gas offered to Brazil. Heretofore, because of obstacles put in the way by Petrobras [Brazilian Petroleum Corporation], no commitment to purchase Argentine gas has yet been made.

Argentine inflation rose in September by 1.8 percent, for a cumulative rise of 18.06 percent since April, when the Cavallo Plan went into effect (see page 2). The Argentine government is being accused by the Argentine Rural Society of buying powdered milk in Finland with a 150 percent subsidy and from the EEC with a 67 percent subsidy, thereby violating the norms of the treaty that created Mercosur.

Participation in Rebuilding of Iran Sought

PY0111135391 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 1 Nov 91

[Text] Foreign Minister Francisco Rezek will visit Iran, seeking Brazilian participation in the reconstruction of that country following its devastation by the war against Iraq.

Rezek will head a delegation to the second meeting of the Brazilian-Iranian joint commission. He will be accompanied by 20 entrepreneurs who will become acquainted with the Iranian Government's priority projects in which they seek to participate. The projects in which Brazilian companies are interested include the construction of the Karun-3 hydroelectric dam; the supply of cars for the Teheran subway; and the construction of sugar mills.

Imports from Iran basically comprise $1.002 billion worth of crude oil per year.

* Transport Firm Forms Joint Venture With Iran

92SM0020C Sao Paulo GAZETA MERCANTIL in Portuguese 26 Sep 91 p 19

[Article by Edson Alvares da Costa]

[Text] Sao Paulo—Irga Lupercio Torres, Inc—rated as one of Brazil's largest companies specializing in the transport of superheavy freight—has just formed a joint venture with the Iranian company Rakeb International Company, Ltd. The deal is the fruit of Minister of Infrastructure Joao Santana's recent trip to Iran. Marcus Torres, managing director of the Irga group and one of the members of the Brazilian trade delegation that accompanied Santana on his trip, told this newspaper yesterday that Irga will transfer technology and supply special equipment for the transport of superheavy freight for Iran.

"The investment will basically consist of the transfer of this equipment, which is idle today in Brazil," Torres stated. The equipment consists of the so-called "axle lines" [linhas de eixo] and "flatbeds" [pranchas], which replace the trucks that carry normal freight. The "axle lines" and "flatbeds"—with as many as four axles and eight tires per axle—are hitched to the tractor in the number needed, which depends on the weight and dimensions of the freight.

If necessary, Irga will also take trucks to Iran. Torres says, however, that the company is more likely to purchase them in Iran, where "prices are favorable."

With a fleet of 150 tractors that is only slightly more than one year old on the average, Irga has 440 "axle lines" on hand—almost one-third of this type of equipment in Brazil. "We will have up to one-half of this number available when the Iranian market is well positioned," said Torres, who estimates that more than 80 percent of this equipment in Brazil is idle. "And we are not going to have a reactivation of the superheavy transportation sector here any time soon," he added.

"In order for the deal to go forward successfully," Torres said, "the prospects for Iran's Reconstruction Plan will have to take concrete form." The goal of the Reconstruction Plan is to enable Iran to recover from its eight years of war with Iraq, with a total investment of $120 billion over a five-year period. "But the prospects are good," Torres declared, adding that the opportunities for Brazilian companies to bid successfully on projects in Iran are also good.

One of the potential business partners for Irga in Iran is the Andrade Gutierrez company, which is bidding on the project for construction of the Karun III hydrolectric plant, among other projects. "We would be responsible for the transport of cement and equipment from the port to the project site," he explained.

Torres acknowledges that "Brazil-Iran trade is surrounded by a number of uncertainties that reflect the Iranian way of doing business," but declares that he has discovered a good "vein of ore" for his group. "Nobody in Brazil engages in this type of business," he said. Torres was the only entrepreneur from the transportion sector who traveled with Infrastructure Minister Joao Santana to Iran.

Torres is monitoring the bidding process on other projects for which he also hopes to provide transportation services. As examples he cited the Teheran subway, which has a proposal from the Brazilian General Electric company to supply 50 100-ton locomotives; seven sugar and alcohol refineries, which may be built by the Dedini/Zanini consortium; the reconstruction and modernization of the oil refineries; and irrigation projects for the expansion of Iran's agricultural area, among others.

Five Companies

The Irga group—with an annual revenue of $35 million—consists of five companies. In addition to Irga Lupercio Torres, there is the Grancarga Maritima [Maritime Heavy Cargo] company, based in Sao Paulo, which transports heavy cargo along the Brazilian coast with its own medium-capacity, "ro-ro" [roll on-roll off] ship the "Lady Sophie" and one other ship chartered for container transport on the Santos-Manaus route.

There is also the Grancarga Intermodal company, based in Manaus, which engages in the river transport of containers using five rafts and five tugboats on the Manaus-Porto Velho-Manaus route, with two departures weekly from the two termini. "We began three years ago," Torres declares, "and we are the only company in Brazil in the business of transporting containers by river."

There is also Irga Industrial, which manufactures—in Pirituba, Sao Paulo State—special transportation equipment such as trucks with hydropneumatic suspension, cranes, and special hydraulic jacks. And there is the

Santa Maria Agricultural and Livestock Company Ltd., with 16,000 hectares of land in Rondonia devoted to cattle raising.

In recent times, as the transportation of superheavy freight slacked off with the completion of large-scale projects (Itaipu, for example), Irga has oriented its activities toward other areas in the "special cargo" sector, in order to maintain its sales volume. It transports medium-weight cargoes of up to 40 tons, such as road-building parts and machinery.

Torres says that in order to maintain sales volume, Irga has had to increase its fleet. He explains that it requires as many as five medium-sized trucks to earn as much as you can earn from one truck designed for superheavy freight.

* Deadline for Amazon Development Plan Set

92SM0037B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Oct 91 p 10

[Text] Brasilia—President Fernando Collor yesterday set a 30-day deadline for an interministerial committee to draft a sustained development project for Amazonia, with special attention to Roraima State. The president's order was issued during the sectorial meeting on the environment and Indian policy that was attended by the Justice Minister Jarbas Passarinho, Foreign Affairs Minister Francisco Rezek, Army Minister Antonio Carlos Tinoco, Environment Secretary Jose Lutzemberger, and National Indian Foundation President Sidney Possuelo, among others.

Group of Seven

The committee charged with preparing the project will be appointed by the secretariats of Environment, Strategic Affairs, and Regional Development. Collor made his demand after hearing Foreign Affairs Minister Francisco Rezek say that Brazil is "very disappointed" in the countries that make up the Group of Seven—the United States, Canada, Japan, Italy, Germany, Great Britain, and France—which had promised to invest $1.5 billion in a pilot project for Amazonia and have not fulfilled their promise. To date not even the $500 million authorized at the group's most recent meeting—held in July—has been released, despite the fact that Brazil presented a project that had been developed jointly with the European Community and the World Bank.

At the interministerial meeting Francisco Rezek presented a balance sheet on the preparations for the UN conference on ecology and development—"Rio-92." He announced that the next preparatory meeting will be held in March of next year in New York to draft the documents that will be signed at the conclusion of the conference.

Accord Signed To Manufacture Airplane Components

PY3111235691 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 31 Oct 91

[Report by Alana Gandara from Rio de Janeiro]

[Text] The Aeronautics Ministry and the Electromechanical Company, Celma, signed a contract to manufacture components to equip the AMX airpiane manufactured by the Brazilian and Italian Governments.

The contract includes the development and manufacture of 312 types of components by the Brazilian companies Celma and Rolls Royce for Brazilian and Italian engines. The contract is worth $18.7 million and the delivery term is 21 months.

In November a contract will be signed with the Italian industry on the supply of the same components by Celma for the engines manufactured in that country.

Other contracts will be signed to complete the AMX program and guarantee spare parts for the two governments.

Air Force Lieutenant Brigadier Ivan Frota, the director general of the Aeronautics Ministry Research and Development Department, and Celma President Alexandre Goncalves Garcia will sign the contract.

* Talks With PRC on Satellite Project Resume

92SM0037E Sao Paulo GAZETA MERCANTIL in Portuguese 4 Oct 91 p 12

[Article by Luiza Pastor]

[Text] Brasilia—Secretary for Science and Technology Edson Machado is leaving today for China, where he will resume negotiations on the intergovernmental cooperation agreement signed by President Jose Sarney in July 1988 for the construction and launching of the Sino-Brazilian exploration satellites SSR-1 and SSR-2. The trip was decided upon as soon as Machado succeeded in extracting from the government a guarantee that this time the $8 million provided as Brazil's contribution to the project for 1991 will be released before the end of this year.

To date, of the budget appropriation provided for the fiscal year—$10 million—the secretariat had received only $2 million. According to revelations by officials of the National Institute of Space Research (INPE) and of the Aerospace Technology Center (CTA), this irritated the Chinese and threatened to endanger the project.

Development of the Sino-Brazilian Program is in fact considered to be of strategic importance, not only because it will enable Brazil to save a large quantity of dollars in the purchase of pictures taken by international satellites now in orbit such as the Landsat but because it will enable the two countries to exchange experience and advanced technology. The project is budgeted at $150

million, of which $50 million is Brazil's share. For the first satellite, it is anticipated that some parts of the equipment will be manufactured in Brazil and others in China, with the assembly and launching being the responsibility of the Chinese.

For the second phase of the program—construction of the SSR-2—Machado is already trying to convince the Chinese to carry out the assembly and the ground tests in Brazil, which also desires to participate in the monitoring. There is no better way to accomplish this than to take to China an official guarantee that the funds for this year will be forthcoming, and as a goodwill gesture, authorization of an appropriation of $16 million for next year.

The purpose of the exploration satellite is to make a survey of the natural and mineral assets and resources in the ground, and also to monitor the changes in the climate in specific areas with more precision than the evaluations made on the ground—something that is of fundamental importance for agriculture and air traffic, for example. Today Brazil is spending a total of $5 million every year to pay the various satellites that provide these services. In the absence of a precise estimate of the money that the SSR-1 will save the system, the secretary believes that "there will be an ample margin of saving" for the national treasury, "provided," he added sarcastically, "that we do not have to provide pictures at subsidized prices to IBAMA [Brazilian Institute of Environment and Renewable Natural Resources], for example."

Uranium Enrichment Method Using Laser Tested

PY3010023091 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Oct 91 p 13

[Excerpt] Brasilia—In Sao Jose dos Campos, the Advanced Studies Institute of the Aerospace Technology Center (CTA) managed to enrich uranium using lasers on a laboratory scale. This method was used for some years in other countries such as the United States, France, and Japan because it is cheaper and requires less electricity. The research work on the use of lasers began in 1974 with the signing of an agreement between the CTA and Campinas State University (Unicamp).

The method, called selective ionization of atomic vapor by laser irradiation (AVLIS), will probably become the most common method used commercially in the nuclear sector in the next century. Aeronautics Minister Socrates Monteiro confirmed the success to the O ESTADO DE SAO PAULO bureau, but refused to discuss the matter further, fearing that he could be "misunderstood." Meanwhile, the technological achievement breathed new life into the nuclear sector, which was revamped by the government's policy of cutting back on expenditures. Investments in the nuclear sector totaled $18 million (about 11.1 billion cruzeiros) this year. With more funds, Monteiro said, the results could be outstanding. [passage omitted]

* PTB Convention Exacerbates Internal Discord

92SM0037C Sao Paulo VISAO in Portuguese 25 Sep 91 p 15

[Text] A split brought about by the PTB bloc in the Senate during the party's convention has created vacancies on the Executive Committee.

The PTB (Brazilian Labor Party) is no longer the same. Its national convention—held on 15 September in Brasilia—made official a split that has been led by the PTB bloc in the Senate. Under the command of Parana senators Affonso Camargo, leader of the bloc, and Jose Eduardo Vieira, the members of Congress raised the banner of reform with a view to getting rid of the "for hire" label that the PTB currently wears because of the innumerable agreements with state governments and the federal government that have been supported by the party's top leadership.

During the convention the reformers tried to overthrow the party's national chairman, Professor Paiva Muniz—a maneuver that would also have weakened the leader of the party's bloc in the Chamber of Deputies, Deputy Gastone Righi of Sao Paulo. They failed. After an entire day of meetings they placed Senator Marluce Pinto in the post of second secretary and Senator Lourenberg Nunes Rocha (Mato Grosso) on the Ethics Committee. Less than 72 hours later the two resigned, thereby opening a breach in the structure of the National Executive Committee.

Paiva Muniz was reelected but failed to satisfy the principal party leaders. The senators—who wanted to replace him with his colleague Valmir Campello (Federal District)—did not agree. They believe Muniz does not wield enough power to sit down at the table with Collor to reach an understanding because, they say, the president "is not going to discuss reaching an understanding with a subordinate," in a sarcastic reference to the fact that Muniz is president of a state enterprise, Datamec [expansion not given]. What is certain is that the PTB has been disregarded by Planalto Palace, and that in conferences with the president the PTB's representatives were called in only after he had heard the representatives of the PSDB [Brazilian Social Democracy Party], PMDB [Brazilian Democratic Movement Party], PFL [Liberal Front Party], PDS [Social Democratic Party], and PDT [Democratic Worker's Party].

Without Influence

"Our party does not have the influence to which it is entitled," complained Senator Levy Dias (Mato Grosso do Sul). "The PTB needs to modernize," was the advice of Senator Eduardo Vieira (Parana), in whose opinion "only a chairman who is a member of Congress will be in a position to lead the party in the political decision-making process." While the senators were advocating these positions, the party's leader in the Chamber of Deputies, Deputy Gastone Righi (Sao Paulo), succeeded in dominating the majority of the convention delegates,

thereby ensuring the reelection of Paiva Muniz, who in fact took offense when the reformers offered him the post of honorary chairman of the party.

Affonso Camargo, the PTB leader in the Senate, had already been one of the victims of the current PTB leadership presided over by Muniz. In 1989, when he was a candidate for president of the Republic, he was "Christianized" (an expression that originated with Cristiano Machado, who in 1950 was the candidate of the former PSD [Social Democratic Party] but was deserted by his fellow party members who supported Vargas) by the PTB's top leadership, who deserted him in order to support the PDS candidate, Paulo Maluf. Camargo points out that the PTB had a history of struggles and victories in behalf of the workers until 1965—when the parties were abolished with the advent of the military regime—but that with the return of the multiparty system the PTB has reemerged "as an appendage to the government." Affonso Camargo and Jose Eduardo Vieira cite as the cause of this enfeeblement "the quarrels between Leonel Brizola (who went to the Justice Ministry, shed the party label, and founded the PDT) and the deceased chairman Ivete Vargas."

The Change Has Begun

The retention of almost all of the PTB national leadership has not saved the party from schism in the aftermath of its convention. To the extent, in fact, that Sao Paulo Deputy Roberto Cardoso Alves (who when he was minister of industry and commerce in the Sarney Government was the author of the so-called Franciscan policy, based on the expression by St. Francis of Assisi, "It is by giving that one receives") acknowledges that "the criticism by the senators is valid, and the movement they have launched is tending to spread increasingly among the rank and file."

Not content with making the split in the national leadership official, the eight PTB senators met on Tuesday 17 September with Minister of Justice Jarbas Passarinho, Planalto's political coordinator, and by persistence and persuasion won the right to be the PTB's interlocutors with the government. And Deputy Gastone Righi—whom the reformers had identified as one of those principally responsible for the stagnation of the party and who had gone so far as to announce on Sunday 15 September that the senators had capitulated—saw his "high" transformed into a severe "hangover."

Deputies Stripped of Congressional Immunity

PY3110225091 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 31 Oct 91

[Report by Gilberto Melo from Teresina]

[Text] The Chamber of Deputies Constitution and Justice Commission has approved the stripping of Deputy Jabes Rabelo's congressional immunity for not conforming to congressional decorum.

During a secret commission meeting, 39 deputies voted for the stripping, 15 against it, and two abstained.

The deputy was accused of signing a false congressional assistant card for his brother, Abidiel Rabelo, who was arrested in Sao Paulo with 554 kg of cocaine.

The final judgment will be passed by the Chamber of Deputies plenum on 6 November.

Piaui State Deputy Cesar Sindo from the PMDB [Brazilian Democratic Mobilization Party] was unanimously stripped of his immunity by the Regional Federal Court. The deputy was accused of abusing economic power in the distribution of school meals of the Student Assistance Fund for electoral purposes. The court also accused the deputy of distributing claimed [irregulares] lots among his voters.

Sindo's attorney said that he will appeal the decision. The attorney said that he will not be stripped of his immunity. The attorney said that he is awaiting publication of the decision in the court gazette to appeal to both the Superior Electoral Court and the Federal Supreme Court.

Regional Electoral Court President (?Judge) Antonio Ribeiro de Almeida said that the decision does not have an immunity-stripping effect.

The legislative assembly, through its president, Deputy (Jesualdo Cavalcante), already summoned Deputy (Joares Tapeti) from the Liberal Party, a party that was allied to the PMDB in the past elections, to take over Sindo's duties.

Document Citing Socialists' Policies Released

PY3110173791 Rio de Janeiro O GLOBO in Portuguese 28 Oct 91 p 3

[Text] Recife—The PSB [Brazilian Socialist Party] bloc in the Chamber of Deputies released the "Recife Letter" on 27 October. The document sums up the ideas that the party defended during a seminar held in the capital of Pernambuco State 25-27 October.

In the two-page document, the socialists call for implementation of a new economic model in the country that will give priority to the neglected masses and be capable of promoting national integration. They also defend "nationalization" of the state in such a way that it will favor a large majority of the population and not just the interests of groups.

One passage of the document reads: "The state has been used by the authoritarian regime to consolidate this cruel model, which finances a monopolistic and bureaucratic private sector and provides government elites with the fuel to feed their nepotism." The document is signed by, among others, Deputy Jamil Haddad (RJ) [Rio de Janeiro State]; the party's national president; and by Federal Deputy Miguel Arraes (PE) [Piaui State].

The "Recife Letter" also states that defenders of this model consider themselves to be modern, while those who defend national interests "are, presumably, the expression of backwardness."

"In addition to all this, there are parties that formally place themselves in the popular sector when they assume the defense, and even the leadership, of the most archaic and antipopular theories of the Collor government," the document reads.

The socialists warn that if a parliamentary system is implemented in the country, it must not be undertaken as a panacea nor as the instrument that will anticipate constitutional reforms. The document concludes by reading that on the eve of the Rio-92 Conference, "the PSB particularly recommends study of the Amazon question so that alleged saviors can come and support the loss of our sovereignty."

* Extent of Corruption, Impact Surveyed

92SM0050A Sao Paulo VEJA inPortuguese 18 Sep 91 pp 24-28

[Text] Forget for a moment the political debates, the ethical aspects, and the cultural issues. In material terms, corruption is bad because it perpetuates misery in Brazil. "In economic terms, corruption does enormous evil," says Deputy Delfim Netto. "It is one of the greatest obstacles to progress." As Delfim's sees it, if every year a hunk of money equivalent to $6 billion, almost 2 percent of Brazil's GDP, is snatched from government coffers to pay for commissions, bribes, favors, confidential information, shakedowns, and shady deals, then the country is socially poorer. This is money that could be used to build 1.2 million units of low-income housing. It is enough to make most of the nation's crumbling federal highways into comfortable and safe carpets of asphalt. Instead of producing goods that are essential to the development of this country, the money from corruption helps to build up the fortunes of unscrupulous contractors and enables politicians to become millionaires overnight.

People have been stealing from the Treasury in Brazil at least since the era of Discovery (and everywhere else since the serpent corrupted Eve with an apple), but the situation today is exasperating—at least for those who are not stealing. And those who are not stealing are the vast majority of the population. Exasperation leads to paradoxes such as the campaign that the Globo TV network began to run last Friday. In it, "Beija-Flor" [Hummingbird], a character in the soap opera "The Master of the World," says it is not difficult to get ahead in life if you are honest. Globo's anti-corruption campaign was based on an opinion poll in which 74 percent of the respondents approved of Beija-Flor's action when he refused to pocket a commission on the purchase of equipment. The paradox lies in using the vast television audience when the campaign, of doubtful results, would be more useful were it broadcast by closed circuit to a select group.

The accusations of corruption changed caliber when Rosane Collor found herself beset by documented and devastating charges about her term of office as president of the LBA [Brazilian Assistance Legion]. If the president's wife has become a star of the first magnitude, then one of Collor's friends is the black hole in this mud-spattered universe. That friend is Paulo Cesar Farias, better known as "PC." With his head as the prize on the table of the "national understanding," PC declared, last Friday in Maceio, that he was the victim of a campaign directed at President Collor. "They want to crucify me like Christ," he said.

Delivers The Goods

If PC really is crucified on the alter of the "understanding," it is possible that his sacrifice will not take place on the cross that was at the center of Mount Golgotha, but to the left of the Nazarene. Treasurer of the presidential campaign, when it raised $100 million from businessmen as hard evidence of their support for Collor, PC continues on active duty since the inauguration. First, on behalf of Wagner Canhedo, owner of Varig airlines, he tried to broker a sweetheart deal with then-President of Petrobras Luiz Octavio da Motta Veiga. Since then, he has been more discreet. But the hubbub about PC in political-business circles continued.

Last Thursday, Parana Governor Roberto Requiao appeared before the CPI [Congressional Investigation Committee] on Public Works to report the latest ploy by PC. Having unusual difficulties in receiving an appropriation of $180 million from the Federal Savings Bank, Requiao was contacted by a local businessman, Antonio Garcia, also known as Tony Garcia, the defeated PRN [National Reconstruction Party] senatorial candidate, who offered to expedite the process. Tony Garcia announced to Requiao that the money could be released that very day. The price would be to hand over the appropriation, intended for construction of school buildings, to a consortium of 12 contractors.

"That's not possible," Requiao responded, according to his testimony to the committee. "I will not agree to managed bidding."

"If you do not agree, PC says the project will go to Sao Paulo, which will accept the terms," Tony Garcia answered.

Businessman Heron Arzua, Parana finance secretary: "I do not understand why the governor does not agree, since all competitive bidding in Brazil is managed. If he does not agree within 24 hours, the money will go to Sao Paulo." That same day, Requiao talked with Ambassador Marcos Coimbra, Collor's brother-in-law and secretary general of the Office of President.

"Minister, what kind of relations have been established in this Republic?" Either the government resolves this, or I'm going to create a "dial-a-PC," to find out more about this guy," the governor said, referring to a weapon

that he had used during the internal strife within the PMDB [Brazilian Democratic Movement Party], the "dial-a-Quercia."

"I am going to do whatever this case requires, but a "dial-a-PC" would be of extraordinary importance to this country," answered Coimbra, giving Requiao to understand, as he tells it, that he was willing to abandon the man who had been his traveling companion in the deal to get $50 million worth of fuel from Petrobras for Wagner Canhedo's VASP airline.

Ten minutes after talking with Coimbra, the governor was told that the money was at his disposal. Although defeated in Parana, PC Farias retains his reputation of delivering whatever goods are ordered from him at his office, a triple suite in the Terra Brasilis building in the Brooklin Novo zone of Sao Paulo. There, everything is decorated in tones of gray, white, and black. The bathroom fixtures are in those colors, the receptionists' uniforms are grayish, and PC receives his visitors in a room that has four gray sofas and one white one. Out of superstition, PC never sits on the white one. Also out of superstition, he sits only on his special sofa, a black one. An attorney who has visited the office on several occasions reports that when dealing with matters of mutual interest, PC Farias always uses the same phrase to reassure his interlocutors. "I'll take care of that," he repeats. And PC really does take care of it. Lafaiete Torres, president of Banco do Brasil, was his assistant in raising funds for the presidential campaign. Marcos Guimaraes, the Federal Savings Bank president who had denied Requiao the funds, is another of PC's proteges. Luiz Romero Farias, PC's brother, holds the post of executive secretary of Alceni Guerra's Ministry of Health, a veritable factory of hospitals under construction all over the country.

Days ago, in Brasilia, PC Farias was the topic of conversation in an inner office on the Esplanade of the Ministries. A contractor approached a Collor administration minister to complain about the cancellation of a $60 million contract to build the Tigre rail spur, in Minas Gerais State. The minister explained that the deal had been shelved because an audit had shown that the price was too high. The businessman then related how, when the prices for the project were being discussed, two extra percentages appeared on the table. A commission of 3 percent was being charged on behalf of the government, to be paid out when the construction started and another, higher, commission of 15 percent was to be settled before the project was complete. "They were asking for a commission of 18 percent," the businessman told the minister. The accusation a $10 million theft had a happy ending. The contractor left, and is now waiting for a new tender to be held. The minister had a scandal on his hands, but limited himself to muttering about it in the hallways. As Delfim said, corruption really is a setback that can leave Parana without schools and Minas Gerais without railroads. And it doesn't spark indignation among ministers, either.

Corruption Meter

The days when contractors grumbled that the robbers' fee was approximately 2 percent under JK [Juscelino Kubitschek] or 6 percent under Figueiredo are long gone. Specialists report that now the pilferage is computed by a different yardstick. In large projects, where the pile of money to be divided is bigger, a feast can be made on 8 to 10 percent. On smaller projects, even the bones are snapped up. There are instances of hospital construction where the level has gone as high as 42 percent. "The romantic era when officials were happy to get an apartment or a trip to Paris is over," says Federal District Deputy Augusto de Carvalho of the PCB [Brazilian Communist Party]. "The atmosphere now is one of cash and carry."

The most nerve-racking competition these days involves the installation of mobile telephone systems in seven major Brazilian cities, a deal worth about $2 billion. One state governor, whose sense of hearing cannot be questioned nor his experience in keeping track of government appropriations, was recently informed by one of the competitors about the size of the commission he would have to pay to close the deal—an unimaginably big chunk of $150 million, which is equivalent to the sales of a company ranking among the top 300 in the country.

There's a corruption meter within reach of any citizen, and it indicates that the thievery becomes a bigger tragedy every year. Between Collor's inauguration day and last Friday, the four largest Brazilian newspapers had reported the occurrence of 230 accusations of corruption which works out to an average of one case every 60 hours or less—in recent months, it has been one case every 38 hours. Half of the total involved the federal administration, 45 percent the state governments, and 5 percent the city halls of major Brazilian cities. During the first 18 months of the Figueiredo administration, the 38 accusation mark was reached, and under Sarney there were 68. It is true that illusions and imprecision coexist in this accounting. We have added up only the accusations published by the newspapers, which does not mean that all of them have a basis in fact. Even so, there exists a conviction among businessmen and politicians that the total reflects the actual situation. "We have never seen such outrages," says Rio Grande do Sul Deputy Luiz Roberto Ponte, PMDB, himself a contractor. "Under the Sarney administration, for example, we saw the formation of one famous CPI on Corruption. Last week there were seven CPI's in Congress that were working feverishly on the subject, and the only reason there were not more is that the regulations do not allow it. There are three more in the works, one of them concerning Rosane Collor's LBA. [quotation marks as published]

A Ten Percent Toll

The underworld of corruption has nothing to do with gangs of evil-looking bandits. It has the polish of a country club. Commissions are charged to arrange fake

calls for bids, but the swindle is whitewashed by falsifying invoices. In Sao Paulo there have been reports of an association between a former governor and his lieutenant under which each one got his share. The boss pocketed 70 percent and his alternate 30 percent. Later, when the boss withdrew and the lieutenant took over, the distribution was recalculated and each man got half. Then there are swindles that leapfrog several levels of the public administration—and in which the official who signs off on the project and pays its costs does not participate. That is especially likely to happen to mayors of small and medium-sized cities.

"I have already heard from 27 mayors who complain about the brokerage of funds appropriations," revealed Minas Senator Ronan Tito of the PMDB. In Luis Antonio, a city of 5,000 in the Ribeirao Preto region of Sao Paulo State, Mayor Darcy Alves Ripamonte had been battling the Ministry of Social Action for a modest sum of 45 million cruzeiros to spend on water and sewer projects. "I know I am going to have to pay a toll of 10 percent to get that money down here," the mayor told VEJA. He says it is normal for a mayor, whenever he receives an appropriation from the ministry and while he is still in the capital city, to sign a phony invoice for an amount equivalent to one tenth of the sum he was supposed to receive. "Otherwise, the money does not get delivered," he explains. "But I do not steal for myself."

In more moneyed circles, bribery is a another crime. In the heat of the second round of the state elections last year, a banker contacted one of the well-placed candidates to propose an exchange. He would pay $5 million to get the state tax collection windows installed at his bank. Corruption accounts are always settled in cash. Despite the cavalier attitude of its practitioners, checks do not circulate in that environment because no one is naive. Larger sums are not paid all at once, but in monthly installments. When payment is in dollars, the money will fit in a small paper bundle. When it is in cruzeiros, which are worth less but take up more space, the famous black bag is used. The color is not mandatory. One state secretary under [Sao Paulo] Governor Luiz Antonio Fleury told how a former aide to [former Sao Paulo governor] Quercia preferred dark red bags and used two at once. With one, empty, he would enter an office in downtown Sao Paulo. There he would exchange it for another, identical on the outside, but stuffed with money. Once they have the money in hand, professionals in corruption deposit commissions abroad, making them almost impossible to detect.

Hypocritical View

Contractors also usually fatten their friends' pocketbooks with monthly payments. The contributions are called "presents" and vary in accordance with the guy's importance. They can be given by taking care of his credit card bill, even the expenses of a month's vacation in Europe. One deputy earns at least $500 a month this way. The system is organized and controlled by using lists, names, and amounts. There are even employees who are designated to keep track of who is receiving what and for how long—and render an accounting. There are politicians who keep on receiving even after losing their jobs. In none of the cases are the proceeds of corruption talked about as something dirty that came out of the gutters of the machinery of the Brazilian state. "When he wants to give money to a politician, a businessman always takes an idealistic tack, saying that the recipient is the last hope for saving Brazil," reports Roberto Requiao.

Brazil's big businessmen like to blame the politicians for their presence in this dance of thieves, but that view is hypocritical and illogical. Corruption is like a marriage; it occurs only when the two parties are in agreement. The same businessmen who now gossip about the activities of PC Farias kowtow to him whenever they can, behaving like those husbands who can only pluck up their courage to complain about their wives when sitting on a bar stool. The hypocrisy consists in presenting themselves as the helpless victims of holdup men protected within the government machinery. The Brazilian state has been able to forcing the taxpayer to pay exorbitant taxes and to drive at 80 km per hour on the highways, but it has never forced anyone to steal. If they do not want to get down into the moral gutter, businessmen need only follow the example of the majority of Brazilians and call the police whenever threatened by a mugger. In fact, silence and complicity are so great that one can conclude that, for certain men in the government and in business, latching on to the money that came from the common man in the form of taxes and is supposed to return to him in the form of benefits is a pleasant convenience.

[Box p 24]

"They Want To Crucify Me Like Christ"

Last Friday night, the hidden subject of the conversations about corruption and the "national understanding"—PC Farias—was in Maceio at the office of his partner in Brasiljet, an air taxi firm, Jorge Bandeira de Mello, who was Collor's pilot during the presidential campaign. Calmly, PC talked about several matters that pertain to him.

On his state of mind: "I get annoyed by all these accusations. All kinds of scoundrels are talking about me, and saying the most incredible things. They want to crucify me like Christ. I helped with Fernando's campaign, I became famous because of that idiot Motta Veiga, and now there are a lot of people stirring up trouble of their own and then bringing it here, to the Christ."

On the national understanding: "They say the national understanding depends on my distancing myself from the president—and I have not seen Fernando for 10 months. No one can accept the idea that Fernando is governing without a party. Those accusations of corruption are part of an effort orchestrated by people who want to be appointed to some ministry or other."

On the Republic of Alagoas: "Talking about a Republic of Alagoas is pure prejudice. The Paulistas don't like the northeasterners and so they want to crucify the Alagoans. They say my brother Luiz Romero became executive secretary of the Ministry of Health because I appointed him. That's a lie. He is a competent physician, he coordinated the health issues during Collor's campaign, and he deserves the job. They also say that Jose Luitgard is my man at the Ministry of Education. Another lie. I do not have any kind of close friendship with that fellow—who, incidentally, does not like me. I did not appoint anyone in this administration."

On the charges: "Roberto Requiao is a liar and irresponsible. He wants to score points at the expense of others. I met Tony Garcia because he was a candidate for senator on the PRN slate in Parana, that's all. It was a brief meeting, we did not talk at all about public works. To say that I took money to introduce people from the administration to the president of Siemens is unprintable rubbish. It makes no sense at all. I was not even with the president of Siemens."

On his business affairs: "The companies that make up my corporate group are Tratoral, Brasiljet, the newspaper TRIBUNA DE ALAGOAS, and Floag, a coconut plantation. To say that I meet with businessmen to give advice as a consultant is just another lie. If some friend wants to know something about the fields I work in—tractor sales, airplanes, newspapers, or coconuts—I help them. That's all."

On his friends: "Besides not having spent any time with the president for 10 months, I have not been to Brasilia in 30 days. It's not that I don't want to get together with Fernando, but I have so much business to take care of that I cannot allow myself much time for friends. I do not have any dispute with Pedro Paulo Leoni, the strategic affairs secretary. We became acquainted during the campaign and have some mutual friends."

On his immediate future: "I am leaving this Monday with Elma, my wife, for Europe or the United States. We are going to celebrate my birthday but I have not decided what city or what country we will do it in. I'll be back in a week."

[Box p 26]

On Land

There has been no talk of big deals in gold in since the days of Brazil, the Colony, but the habit has come back into fashion in Brazil, the Republic. Former Governor of Bahia Nilo Coelho hoped to purchase Cal Sublime, a state enterprise that supplies almost all the lime sold in Bahia. Both attempts to privatize the company into his own hands failed, and the firm ended up with Norberto Odebrecht, the builder who had made at least $15 million on two projects under Coelho's administration. In a perfectly symmetrical financial transaction, Coelho lost lime, but gained gold. For $1.5 million the state divested itself of Cal Sublime. For $1.5 million, Odebrecht transferred to the former governor the right to work a gold mine in Paraiba. And $1.5 million was what Odebrecht had spent on the mine to evaluate its potential. Coelho became the owner of a ton of gold under ground that could earn him one billion cruzeiros a year.

[Box p 27]

On The Sea

The length is almost the same, the design is very similar, and the structures sit side by side, but you have never seen such a big difference in price. Construction of the Pedro Ivo Campos Bridge, which runs parallel to the Colombo Salles Bridge forming the connection between the island and the mainland in Florianopolis, began in 1982. The ribbon-cutting ceremony was held last March, when it was hailed as the major achievement of the last PMDB administration in Santa Catarina State, but it cost $22 million more than its twin sister. The bridge over the Catarina sea took nine years to complete. During that period, there were seven contractual addenda, four state governments and, midway, there occurred a ridiculous change in ownership of the project. When the Highway Department, DER, refused to agree to the adjustment of 105 percent that resulted in the $22 million difference, it was decided to make a swap. A new owner took over, the adjustment was granted, and now a congressional investigation committee has been formed to investigate the case.

* Chamber Approval of Informatics Bill Discussed

92SM0020B Sao Paulo GAZETA MERCANTIL in Portuguese 26 Sep 91 p 16

[Article by Luiza Pastor]

[Text] Brasilia—Based on an agreement reached yesterday morning among the principal leaders of the political parties, the Chamber of Deputies finally approved Legislative Bill No. 5,804 of 1990, which amends the Informatics Law. This does not, however, end the debate on the matter. By retaining the text originally approved by the Chamber with respect to the composition of the National Council for Informatics and Automation (Conin) and thereby rejecting the amendment proposed by the Federal Senate, the agreement has in fact anticipated a veto by President Fernando Collor of Article 13, which defines the Council and will probably be the object of still another specific bill to be introduced by the Administration or by the PMDB [Brazilian Democratic Movement Party] at a time not yet determined.

Retention of Conin's original composition—which had already caused a postponement of the vote on the version of the bill sent back by the Senate—was an absolute and nonnegotiable demand by the Workers Party (PT). In the bill approved by the deputies the Council consists of 24 members, one-half of whom are representatives of the government—specifically, the

ministers of eleven ministries plus the secretary of science and technology, who will coordinate the work of the Council. The other half consists of representatives of nongovernmental sectors, including two representatives to be appointed by the labor union federations.

For its part, the text as transmitted by the Senate reduced the number of Council members from 24 to 16 and eliminated the requirement that the government's representatives include members of the cabinet, limiting them instead to the secretary-of-state level. The problem created by the Senate amendment was that its reduction of the number of nongovernmental representatives left the labor union federations without any representation on the council. This provoked an immediate reaction from the PT, which threatened to break the agreements signed among the opposition parties in the Chamber. The PT demand was agreed to; Article 13 was retained; a veto is expected; and the debate is beginning afresh.

The agreement among the party leaders proved to be more definitive with respect to the other controversial points in the bill. For example, it approved the Senate amendment that replaces the word "sales" with "marketing," thereby making it possible to include commercial leasing in the activities of the informatics sector. It also approved the Senate version of Article 11 of the law, which version deleted the phrase "sole or principal purpose" from the definition of those companies that are allowed access to the benefits provided by the law—benefits which without removal of that limitation would be available only to companies that produce informatics-related goods and services exclusively. The only clause proposed for inclusion in Article 11, however, was voted on separately and approved; it requires that of the 5 percent of gross sales which companies must invest annually in research and development within Brazil, a portion representing 2 percent shall be allocated "in the form of agreements with research centers, research institutes, or Brazilian official or recognized educational establishments."

The Chamber also rejected the amendment to Article 12, which made an exception—with regard to the benefits provided—of cases involving the donation of informatics-related goods and services, and also rejected the amendments which reduced to 0.5 percent from 1 percent the maximum deduction from the amount of income tax owed that is granted to those juristic persons who invest—at any time before the due date of the single installment or final installment of the tax—"an equal amount in the form of new stock shares—nontransferable for a period of two years—of Brazilian-owned domestic companies" in the informatics sector.

Main Features of the Bill

With the approval of Bill No. 5,804, the Informatics Bill that will now be sent to the president of the Republic for his approval establishes the regulations for the informatics sector. Following are the main features of the bill as approved:

The market reserve for the informatics sector is valid only until 29 October 1992. On that date, the existing controls on the importation and production of the items currently restricted will be removed.

Brazilian-owned domestic companies that are already operating in the informatics field may form joint ventures with foreign companies, provided they retain control of at least 51 percent of the capital stock that carries voting rights and retain the actual exercise of the decision-making power.

Informatics-related goods retain the exemption from the Tax on Manufactured Products (IPI) until October 1999.

Brazilian-owned domestic companies may deduct up to 50 percent of their investment in research from the amount of Income Tax owed.

Juristic persons may deduct up to 1 percent of the amount of Income Tax owed if they purchase an equal value of new stock issued by Brazilian-owned informatics companies.

Access to tax incentives is limited to Brazilian and foreign-owned companies that invest 5 percent of their gross revenue in technological research and development in Brazil; 2 percent of this revenue must be invested in the form of agreements with research centers, research institutes, or Brazilian official or recognized educational establishments.

* Proceedings of CUT Fourth Congress Assessed

92SM0020A Sao Paulo VISAO in Portuguese
18 Sep 91 p 24

[Text] The CUT [United Federation of Workers] has never become a monolithic bloc but has always succeeded in overcoming its internal differences, with the majority faction—grouped under the name "Articulation"—being able (at least in appearance) to impose its views as to the correct strategy for waging what the CUT regards as the "immediate struggles" of the workers. There is nothing to indicate, however, that this will continue to be the case from now on.

Since the closing of the Fourth National Congress of the CUT (ConCUT)—which was marked by spitting and by exchanges of punches and kicks—power has come to be divided within the Federation, with Articulation clearly losing ground vis-a-vis the other 24 political groups and factions that are opposed to the orientation adopted heretofore by the CUT leadership. On Sunday 8 September, Articulation saw its share of the vote decline sharply by comparison with the vote it had received at the previous CUT congress, held in 1988.

In that year, Articulation won slightly more than 60 percent of the votes; the CUT Rank and File movement managed to get 23.2 percent; and the Socialist Convergence movement—which headed the third slate of candidates running in the elections—wound up with 16.3

percent. The total vote of the two slates opposing Articulation showed that fewer than 40 percent of the registered delegates had chosen a brand of labor unionism different from the one proposed by the majority faction. This year, however, Articulation got approximately 52 percent of the votes and the Antartica (Anti-Articulation) slate 48 percent.

It is certain that the opposition bloc—which is united only circumstantially behind short-term political goals (such as defeating Articulation and retiring Jair Meneguelli and his group from the command of the CUT)—will have trouble reconciling political views that are so divergent. Articulation will likewise find it difficult to continue to dictate the policies that the Federation will follow henceforth.

Long-Term

Although it won by a margin of only 65 votes out of a total of 1,531 counted (786 for the slate headed by Meneguelli and 721 for the Antartica group), Articulation obtained not only the 13 seats on the Executive Committee but approval of its principal policies as well. These policies reportedly included a reversal of the CUT's established policy of concentrating on short-term gains and on wage issues. In addition to wage issues, the Federation now wants to deal with other subjects that are also of interest to workers such as housing, health care, education, recreation, and industrial policy. Provided, of course, that it is able to resolve its internal disputes.

To judge from the brawls that dominated the closing session of the congress at the Anhembi in Sao Paulo, that goal is somewhat distant. Accused of diverting funds when he was president of the Bank Employees Union of Rio de Janeiro, Cyro Garcia—the leader of Socialist Convergence—demanded the right to respond. General confusion resulted when the chair was slow to hand him the microphone, and the ensuing exchange of aggressions merely reflected the atmosphere of tension that had existed since the preceding Thursday.

After threatening to enforce order under the Federation's bylaws, the reelected president of the CUT, Jair Meneguelli, attempted to cool everyone down. "We are a pluralistic federation, and we have to live with our differences," he said, but immediately acknowledged: "It will be necessary to reexamine the Federation's activities, including the activities of Articulation" (also headed by Meneguelli).

With more than 1,600 affiliated unions and 3.4 million union members representing a base of approximately 15 million workers in their respective occupations, the CUT anticipates a revenue of 3 billion cruzeiros for this year. This attractive complex of incentives has given rise to a contest for the leadership of the Federation with the result that during the Fourth National CUT Congress, factions that consist of Marxists, Stalinists, Trotskyites, and representatives of the Church united behind a single ticket in an attempt to take power. These are foci of potential conflict that the CUT-dominated segment of the labor movement will have to control if it intends to continue organizing a labor union federation.

* Scope, Challenges of Informatics Industry Seen

92SM0043A Sao Paulo VISAO in Portuguese 25 Sep 91 pp 36-40

[Article by Marisa Rodrigues, with contributions by Rio correspondent Manuel Franco]

[Text] No gate-crashers! This is the motto of the 11th International Informatics Fair being held at the convention center in Anhembi Park in Sao Paulo from 23 to 27 September, simultaneously with the 24th International Informatics Congress. In hopes of doing about $1 billion in business—close to $430 billion cruzeiros at the official exchange rate and about 10 percent of the sector's overall sales for the year—the fair's promoters are not leaving anything to chance and have distributed invitations only to people who actually make the decisions in their companies. "Some 70,000 VIP visitors are expected," said Paulo Roberto Feldman, president of the Sao Paulo branch of Sucesu [Society of Computer and Subsidiary Equipment Users], the entity that is organizing the event. "The Informatics Fair is one of the most eagerly-awaited events of the year," commented Carlos Eduardo Correa da Fonseca, superintendent of Itautec. "And this one has an extra attraction, because it is being called the "openness fair," now that we are on the eve of the end of the market reserve," he said.

It is more than understandable, therefore, that there is a certain amount of anxiety among exhibiters and buyers. The former are hastening to show off their new product lines and figure out what their approach should be from now on, while the latter are putting the brakes on investments in this kind of equipment, waiting for the latest batches of technology to emerge from the ovens. "The months that precede these shows are always the weakest in terms of sales," said the vice president of Microtec, Rui Campos. "No one risks buying something before seeing what new developments are on the way," he said. Occupying an area of 30,000 square meters, this latest edition of the International Informatics Fair promises to ring in the first phase of the "post-openness" life of the computer industry. "There was plenty of competition for exhibit space," Paulo Feldman reported. "We have 15 percent more space than last year, but even so we had to put applications equivalent to 5,000 more sq meters on the waiting list," he boasted.

With annual sales of $8 billion, the Brazilian informatics industry has kept itself at a distance from its foreign competitors for more than a decade. "So, the end of the market reserve represents a major turnabout," said the president of Sucesu. "And everyone out there knows what is happening here." Under the reserve, Brazil became the world's sixth biggest market for informatics. No wonder that 90 speakers from the United States,

Japan, and Europe have already confirmed their attendance at the 24th International Informatics Congress, being held at the same time as the fair.

"The speakers are from the First World, because they are the ones we have something to learn from," Feldman said. "There is no use bringing people from the Soviet Union, for example, when they do not even have automated banking there," he said, sarcastically. The theme, "Accelerating the Future," chosen as focus for the five days of discussions, could hardly be more timely, and accurately reflects the situation in this sector in Brazil. "There is an enormous demand for informatics products and services in Brazil; however, a series of short-term problems keeps everyone who is involved in the process, from manufacturer to customer, from flying higher," noted Feldman.

Introducing New Products

The principal attractions at the 11th International Informatics Fair will be the palm-tops (computers that fit in the palm of a hand) and notebooks, little computers that resemble an executive's briefcase [as published]. The latter is the latest rage on the world market. Because of their incredible memory capacity and ease of carrying, these super-minis are likely to account for 25 percent of world computer industry sales. Then comes the multimedia equipment, another sensation that will intrigue and tempt both those who understand computer technology and those who know nothing about it. These are microcomputers that can process several kinds of media—text, graphics, data, sounds, voices, video and audio—all at the same time, in a perfect partnership among different technologies and electronics. The innumerable agreements being signed between domestic and foreign companies on the eve of the fair will also enable the public to see the latest novelties produced by the informatics industry in other countries.

Such products will not be on the market until after October 1992 when the market reserve ends, but can be demonstrated to future users ahead of time. For example, Elebra Informatica—the largest Brazilian maker of peripherals—is taking advantage of this occasion to announce its partnership with Printonix, a U.S. firm that is the world leader in line printers. As a result of this move, visitors to the Elebra stand will be able to see the EI 15000 line printers, with speeds up to 800 lines a minute and ability to print bar codes without requiring specific software. The line consists of six models, suggested for applications at CPD's (Data Processing Centers), bar codes, texts, and lists of data. Another new product from Elebra, this one produced with domestic technology—is the expansion of the Emilia family—one of the best-selling printer lines in Brazil. Its newest member, the Emilia Plus, runs at 250 characters a second and can accept as many as ten font cartridges.

The Sanfe Media Manager, a product of HSC Software of California, is the first multimedia data bank to be brought into Brazil, where it will be sold by Axion Tecnologia. It stores and manages information generated in graphic files (static photos), animation using video cameras, digitalized voices, music, and texts. Preparation of those elements produces an enormously wide range of applications for different purposes: cinematographic projections, shows, and electronic catalogs, for example. Another new item is the Hand Scan PHS 707, a scanner of the latest generation. It can be seen at the stand set up by Alfatronic, which has just signed a contract to represent Phonic, of Taiwan, a giant in the informatics business that exports regularly to the United States, Japan, and Europe. Under the agreement, Alfatronic will begin selling the scanner, which captures images and texts and is an essential part of a multimedia station.

High on the Wish List

In accordance with the trend to miniaturization, Microtec is introducing its PL 386 SX VIP notebook computer. The size of a desk calendar, this little micro weighs about 3 kg and performs like the most advanced computers of its size. With a speed of 20 MHz and a hard disk of up to 40 MB, it can store 20 editions of a 600-page book. This is the most recent addition to the wish list for nine out of 10 executives, since they hate to be far from the center of decision-making at their companies, even while traveling.

Among the products Itautec is expected to introduce during the fair, the emphasis will also be on a notebook computer, its IS 386 Note, produced in joint venture with the Japanese firm of Al Electronics. It features a 386 SX processor and 20 MHz, two megabytes of RAM, a hard disk of either 20 or 40 MB, and weighs only 2.9 kg, well distributed in its two-inch tall body. "It's the shorty that satisfies," jokes the company's superintendent.

One of the leaders in the sector, Sisco, will introduce a dozen new high-tech products during the fair. They include its 386 and 486 super-micros; a diskless 386 workstation; super-micros and super-minis using RISC architecture; an exclusive network super-server that permits simultaneous and integrated processing on a UNIX operating system; Novell network software; and other items.

Change Brings Risk, Confusion

With the crisis that has hit the Brazilian informatics industry, firms are uncertain and confused as to what policy will be adopted for the industry from now on. To adapt to the opening of the market and survive in a new competitive environment, Brazilian companies are looking abroad, and are finding sources of supply and technology there. "The right kind of ties to foreign suppliers who can ensure access to products and technologies from the latest generation give a company an advantage in this process," said economist Paulo Bastos Tigre, research coordinator of research at UFRJ (Federal University of Rio de Janeiro). "With the reduction in development and production activities, companies will

tend to concentrate their actions on marketing and services, besides becoming more selective by looking for niches in the market," he emphasized.

In fact, the theory advanced by Professor Bastos Tigre is echoed by the behavior of most Brazilian businessmen affected by the end of the informatics market reserve. The industry's adaptation to the new political economic context that will be in place beginning in October 1992 necessarily requires companies to redirect their product and services development strategies. Otherwise, many will not even get out of the starting gate.

That is the unanimous opinion of executives associated with the giants in the sector, such as Itautec, one of the leaders in bank automation. "We are already reformulating our entire product line," advises its superintendent, Carlos Eduardo Correa da Fonseca. Anticipating the end of the market reserve, Itautec's managers have already gotten ahead of the game by concluding an agreement with IBM. In mid-1990, the firm introduced the B-400, a large computer that has been a success worldwide and plays an important role in IBM sales, of which microcomputers account for 80 percent.

Cycle of Changes

In February 1991, simultaneously with its worldwide introduction by IBM, Itautec introduced the D series of the same equipment on the Brazilian market. This was followed almost immediately by two other important steps—the announcement of a new line of banking automation equipment at the most recent congress of Febraban [Federation of Brazilian Banks] and a new line of commercial automation equipment disclosed during the Apas (Sao Paulo Association of Supermarkets) congress. Lastly, the firm completed the cycle of changes by announcing its latest line of microcomputers, which will be on view at its stand at the 11th International Informatics Fair to be held in Sao Paulo at the Anhembi Pavilion.

There are some who see in the adaptation of companies to the new informatics policy an indication that there will be layoffs of research and development personnel. Microtec Vice President Rui Campos, also a director of Abicomp (Brazilian Association of Computer and Computer Peripherals Manufacturers), does not believe it will be possible to cut costs in research and development departments while ruling out personnel cuts. "The disadvantage that comes along with this new law is a limitation on the size of the labor market for electronic engineers," he said. "Opening up the market will denationalize the projects, and so it will not longer be worthwhile to design and develop a notebook computer—for example—because that would take a year and the product would already be obsolete when it reached the market," he pointed out.

Bastos Tigre, of UFRJ, was more categorical: "It is estimated that close to half the 5,000 professionals employed in research and development areas will lose their jobs by 1992," he warned. Itautec Superintendent Carlos Fonseca does not endorse predictions like those concerning the future of the job market in the Brazilian informatics industry. "In order to make good deals abroad, our domestic companies will have to invest in their purchasing staff, and of course, those professionals will come from the research and development areas," he said. "But this does not mean they will become mere shoppers, since in order to purchase informatics equipment one has to know the product inside out, otherwise you risk investing in out-of-date technology," Fonseca said.

Partnerships

Certain that price and quality are what counts when it comes time to sell, Brazilian firms have been joining up with companies elsewhere that are able to put them on an equal footing with what is going on in the world when the subject is technology. Out of the flirtation with foreign investors were born innumerable partnerships that should be strengthened during the fair. Videocompo is one such firm. It entered into an exclusive representation agreement with Daewoo, one of the four largest Asian conglomerates alongside Samsung, Gold Star, and Hyundai. The Daewoo group has sales of $25 billion a year and is coming to Brazil to manufacture and distribute video monitors for computers.

"Brazil is an important economy on the world scene, so it is looked on favorably by companies elsewhere," commented Celio Bozola, director of operations at Sid, which has just undertaken a joint venture with the powerful IBM, resulting in the MCA. Sid itself is already walking arm-in-arm with other major partners on the world scene, such as Tandem—world leader in the processors segment—with whom it will market the CLX, super-mini computers suitable for ATM control, as well as for airlines, and telephone companies.

The same strategy will also be followed by Itautec, which has identified certain market niches where it can verticalize its production, and has invited specific partners to participate in each of them. "We are going to continue developing Itautec technology, but only in those market segments where this is most attractive," Superintendent Carlos Fonseca revealed. During the fair, a range of operating agreements will be announced involving Microsoft (operating systems), Intel (microprocessors), Novel (local area networks), Western Digito/Seagate (hard disks), and Sony/Data (floppy disks). "We do not plan to get into joint ventures," Fonseca added, "because we want to preserve our own brand name."

[Box, p 40]

Imports and The Crisis

The Brazilian informatics industry learned the meaning of the word "crisis" last year, even before it came of age. This was partly because of the recession that afflicted the economy as a whole, and partly because of the policy of opening the market to imports. Gross sales fell by 15

percent from their previous year's level, with all segments of the market being affected: computers, peripherals, banking and commercial automation systems. Brazilian firms were hurt the most; their sales fell by 17.5 percent, but foreign companies also felt the pinch. Their sales declined by about 11 percent.

Economist Paulo Bastos Tigre, research coordinator at the Institute of Economics at UFRJ, provided additional data on the poor performance of the sector. "Net sales of equipment fell by about 15 percent, retreating to the level of $2.6 billion attained in 1988," he pointed out. The sectors most affected were special terminals and magnetic card readers/recorders, where sales dropped by 50 percent, followed by peripherals such as magnetic disks and matrix printers, sales of which decreased by 21 percent. Sales of the lead products of Brazil's informatics industry—banking and commercial automation systems—declined by only 10 percent.

Meanwhile, business was even worse in the micro-electronics sector, owing to the tendency of equipment assembly companies to cut back on their domestic content indices. Two of the leading firms that encapsulate semiconductor electronic components—Texas Instruments and Philips—have now announced that they will stop making components in Brazil. The leading Brazilian company in the field—Itaucom—has been operating at a loss and with a large amount of idle capacity, despite having recently opened a new factory that is considered by specialists in micro-electronic technology to be state-of-the-art.

In 1990, export sales fell by 20 percent, receding to the level of $150 million reached early in the 1980's. "Exports are still concentrated in the hands of the foreign-capital companies, but we are seeing a gradual decline in both absolute and relative terms," Bastos Tigre noted. In the past two years, exports as a share of total sales by the foreign companies that operate in Brazil fell from 12 percent to 8.6 percent. As for the Brazilian firms, although they increased their exports during the period, such sales are still not very significant and would not reach $5 million in 1990. Under the Collor administration, investments fell to their lowest level in history—17 percent of GDP. One of the consequences of this was a drastic reduction in the demand for equipment designed for professional use.

Chile

Economic, Investment Treaty Signed With Germany

PY3110182591 Santiago EL MERCURIO in Spanish 22 Oct 91 p C3

[Text] A treaty on reciprocal promotion and protection of investment and a financial cooperation agreement on refurbishing hospitals was signed with the participation of President Patricio Aylwin and Chancellor Helmut Kohl during a ceremony in the Great Dining Hall of La Moneda Palace.

The first document, which was signed by the ministers of foreign affairs and economy and by German Ambassador Wiegand Pabsch [name as published] calls for a boost in economic cooperation between the two countries through an increase in reciprocal investment. It also creates the conditions for implementation of the investment.

The document also includes the free transfer of capital; profits; amortization of loans; and eventual indemnities.

The financial cooperation agreement, which was signed by German Secretary of State for Economic Cooperation Hans Peter Repnik [name and title as published] and Chilean Planning and Cooperation Minister Sergio Molina, permits the German Credit for Reconstruction Institute to grant credits and disbursements to Chile for some 25 million Deutsche marks (some $17 million) to refurbish our country's hospitals.

Border Arbitration Accord Signed With Argentina

PY0111140591 Santiago Radio Cooperativa Network in Spanish 2200 GMT 31 Oct 91

[Text] Foreign Minister Enrique Silva Cimma and his Argentine counterpart Guido di Tella, on behalf of their governments, signed this afternoon an agreement providing for arbitration of the Laguna del Desierto border dispute in the southern region. The ceremony was held at the Foreign Ministry's Red Hall and was attended by diplomats, congressmen, and academicians.

The 21-article agreement, which is officially named Commitment for Submitting to Arbitration Demarcation of the Border Between the Republic of Chile and the Argentine Republic Between Border Marker 62 and Mount Fitzroy, is the result of an agreement reached by Presidents Patricio Aylwin and Carlos Menem last August.

The agreement sets forth that the ruling will be binding for the parties; that it will be final and unappealable; and that compliance with it will be entrusted to the honor of the two nations.

After signing the agreement, the ministers gave their opinion of it. Di Tella was the first to speak:

[Begin recording, in progress] ...that this is the result of our common understanding. We have the will to reach an agreement and to solve problems. We did not want and, for that matter, we do not want to reach the 21st century with problems of this type pending. I believe all of us have made sacrifices and that we will make sacrifices. Yet, we believe there is genuine, real, and deep brotherhood and fraternity, and I hope new generations will very soon find it difficult to understand why there were ever disagreements between us. [end recording]

[Begin Silva recording] I would like to say that what Minister Di Tella just said actually reflects a way of thinking that we have absolutely in common. This step has been praised not only by Latin American countries,

but also by all nations of the continent and, even, by nations beyond our continent. It has been praised as a very clear demonstration of our will for peace. [end recording]

The agreement sets forth that a five-member tribunal will be installed in Rio de Janeiro on 16 December 1991, and that it will be headquartered at the office of the Inter-American Juridical Committee. The tribunal will use Spanish as its working language. An accord is expected before 1994.

Leak on Secret Military Spending Criticized

PY0111130091 Santiago Radio Cooperativa Network in Spanish 2200 GMT 31 Oct 91

[Text] Defense Minister Patricio Rojas answered a question during the opening session of the Christian Democratic Party congress at the Diego Portales building, saying: Those who divulge details of the secret spending by the commander in chief of the Army violate a sacred commitment to keep secret the matters discussed during secret congressional sessions.

Rojas was asked about a report that the commander in chief of the Army has a $3 million secret allocation.

[Begin recording] [Rojas] This involves secret information that should not be made public. Therefore, those who mention figures—if indeed they did—gave false information and violated a sacred commitment that binds the congressmen who can under no circumstances make public the matters discussed during secret sessions.

[Unidentified reporter] But is this figure correct or is it higher?

[Rojas] That figure does not reflect the real situation.

[Reporter] How high is it?

[Rojas] That is secret... [Rojas chuckles] and cannot be made public. I just said that if information was leaked, a serious violation of congressional regulations has occurred. The regulations state that matters discussed during secret sessions may not be made public.

[Reporter] Is it true that the secret spending of the commander in chief of the Army is higher than that of the other commanders in chief?

[Rojas] Well, there are always different ratios in budgets, which ... [hesitates] which do not establish levels of importance but which establish that some needs are greater than others. [end recording]

Rojas said that the fact that the entire defense budget was approved reflects confidence and reveals the maturity of Chilean politicians. The budget was approved at 0500 this morning.

* Government, UDI Hold Electoral Reform Talks

92SM0045A Santiago EL MERCURIO in Spanish 1 Oct 91 p C3

[Text] Minister and Secretary General of the Presidency Edgardo Boeninger has stated that the government has had "exploratory" talks with leaders of the UDI [Independent Democratic Union] concerning reform of the electoral system. However, he made it clear that no agreement has been reached on this subject.

"We are still in the preliminary stage of analyzing the options," Boeninger said. He explained that what is wanted is to draft a proposal to replace the binomial system with one of a proportional nature which will be acceptable to the parties of the Coalition, the opposition, and the legislators in general.

Boeninger said that before a draft project is developed, the exploratory process will be continued. However, he emphasized that to date, "the RN [National Renewal] has not wanted any change."

Concerning the direction of the electoral reform, Boeninger said that it is a question of correcting the distortion resulting from the binomial system whereby it is possible to win half of the representative posts with only 34 percent of the votes.

The UDI Response

The UDI reiterated yesterday that its leaders "have not engaged in any talks, much less negotiations, transactions, or agreements" with the government about a possible reform of the electoral system.

In a public statement, Julio Dittborn, Andres Chadwick, and Pablo Longueira "categorically" denied, "yet once again, what Andres Allamand has said. We regret that the president of the RN did not show us the minimal courtesy of consulting us on this point before making public statements which have created entirely unnecessary conflict, and only confuse the citizens," they maintained.

The leaders explained "that in a meeting with Minister Boeninger, the purpose of which was to analyze the subject of judicial reform, we were informed of the government's decision to send a draft reform of the electoral system to the Parliament at the end of the year."

"We were told that the government officials were not yet clear about what the exact content of the draft would be, and that once they had refined their options, they would inform our party so as to obtain our opinion," they added.

"Up to the present, no concrete proposal has been provided by the government. Therefore: a) we are not familiar with the proposal; b) we could hardly have had any negotiations regarding it; and c) much less could any agreement have been reached."

They said that "Allamand, with his continuing obsession with attacking the UDI, has on this occasion gone to the extreme of distorting the reality and the facts."

Andres Chadwick

When Deputy Andres Chadwick was asked about his denial on Friday of any contact with the government, he said that at the informal meeting, the authorities did announce their desire to initiate a proposal.

"I did not feel that I was authorized to report this, because it was a general discussion, and obviously I did not deem it necessary to make it public," he said.

He added that he and his colleagues talked with Minister Boeninger yesterday, and "what he said to us was exactly what we reported in our statement."

When asked about the official position of the UDI concerning the electoral system, Chadwick said that his party believes that the binomial system has been essential to democratic stability, but that without prejudice to that, they are not unwilling to study any proposal which offers an alternative to it.

National Renewal Insists

Andres Allamand, the president of the RN, reiterated his statement yesterday, emphasizing that the talks between the UDI and the government began 15 days ago, and he said that to date, four meetings have been held, in which, it was learned, Hernan Larrain and Deputies Longueira and Chadwick participated.

Allamand added yesterday that the agreement on changing the electoral system to a proportional one is almost ready, and he said that, in fact, there is a draft law. It calls for increasing the number of deputies to 150 and the number of senators to 50, with the electoral and other districts electing four or five representatives.

He said that the only point which has slowed the talks between the government and the UDI is the new design of the electoral map.

Allamand said that the position of the UDI "does not stand up under the slightest analysis, because Minister Boeninger himself has made a point of discrediting it."

Allamand's denunciation was carried on television Thursday evening. According to the UDI, the first contact occurred the following day. In this connection, the leader of the RN said that he cannot understand why the UDI would continue to deny the talks, stating that "at this point, this is ridiculous."

When asked whether the reason the UDI wants to change the electoral system is its desire "to cease to be the younger brother of the right wing," Allamand declined to voice any opinion about the possible motive.

Finally, Allamand said that if the government asks the RN, that group will maintain the same position it has had up to the present: "We are not advocates of a change in the binomial system."

Christian Democracy Uninformed

Felipe Sandoval, the national secretary of Christian Democracy (DC), said yesterday that he had no knowledge of any agreement between the government and the UDI with a view to parliamentary approval for changing the current binomial electoral system to a proportional one, but that "if there were one, we would regard it as positive."

Sandoval said that the government had addressed inquiries to Christian Democracy on the subject, but that nothing had been finalized in this regard.

Colombia

Government, CNGSB Resume Talks in Caracas

PA3110232091 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 31 Oct 91

[Text] The government and the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] on 31 October resumed in Caracas, Venezuela, talks to organize a dialogue conducive to reaching a cease-fire before the end of the year. The sides will sit at the negotiating table during a preliminary rapprochement phase that is to last until mid November. Here's Mario Diaz with more information.

[Diaz] The government and the CNGSB are seeking to recover the confidence that has been lost in the peace dialogue and to reach a cease-fire and end the hostilities. They have 11 days to reach an agreement, since the rebel delegates said that if no results are achieved by 10 November, they will return to Colombia to hold talks with their top leaders. In Caracas, the CNGSB announced that it will discuss with the government a twofold cease-fire proposal: 1. A preliminary cease-fire to last from 30 to 40 days, not taking into consideration the location of guerrilla camps. 2. A definite bilateral cease-fire, depending on the results.

[Begin recording, Ivan Marquez, Revolutionary Armed Forces of Colombia delegate] We are going to try to establish the positive aspects contained in the proposals that the sides have already submitted at the negotiating table. Our goal is to seek a formula that acceptable to each side and, most of all, to the country, which hopes that we reach an agreement to end the hostilities as soon as possible. [end recording] So far, the government has responded that the talks cannot be made contingent on a timetable because, it says, that depends on how the talks go.

Finance Minister: Monetary Measures Irreversible

PA0111033991 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1221 GMT 31 Oct 91

[Text] Santa Fe de Bogota—Colombian Finance Minister Rudolf Hommes has stated that the revaluation of the peso and the withdrawal of at least 50 billion pesos from circulation are irreversible measures. He added that the measures were carefully considered and broadly debated by Banco de la Republica's board of directors. We will not make a decision only to change our minds the following day, he said. Referring to the ruling on certificates of exchange, Minister Hommes said it was a unanimous and permanent one.

In his opinion, the revaluation of the peso will not exacerbate unemployment or cause a recession, as the economic organizations have forecast. They are happy to criticize when something hurts them, but they keep quiet when a measure is in their favor, the minister said.

ELN Pipeline Attack Results in Oil Spill

PA0111162491 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 31 Oct 91

[Report by Jaime Aguilar Forero]

[Text] Hoping to avoid any difficulties with the Venezuelan Government over the peace dialogue with the guerrillas scheduled to resume tomorrow in Caracas, Colombian Foreign Minister Luis Fernando Jaramillo sent a diplomatic message to his Venezuelan counterpart, Armando Duran. In the message, Colombia apologizes for the terrorist actions perpetrated by the ELN [National Army of Liberation] against the Cano Limon-Cobenas oil pipeline.

There is some concern that an oil spill might eventually end up in Lake Maracaibo, because three creeks that flow directly into the Catacumbo river have turned into rivers of crude oil heading straight toward the gulf.

Ecopetrol [Colombian Petroleum Enterprise] and Venezuelan Petroleum, Inc. [Petroven] workers are prepared to stop 4,000 barrels of crude oil from contaminating the natural resources and the environment as a result of the dynamite attack carried out by the ELN against the Cano Limon-Cobenas oil pipeline. The attack took place in El Aserrio Corregimiento, located in the Municipality of Campo Alegre, 117 kms north of Santander. The oil is flowing into the Rio de Oro, San Miguel, La Tiradera creeks, which are tributaries of the Catacumbo River, which flows directly into Lake Maracaibo.

The Armed Forces were sent into the area to protect the workers who are repairing the pipeline. Ecopetrol has lost approximately $3.7 billion pesos in repairs and in damage caused by the oil spill.

Roundup of Guerrilla Activities 22-30 Oct

PA0111025991

[Editorial Report] The following is a compilation of reports monitored by Panama Bureau on guerrilla activities in Colombia from 22 to 30 October.

Santa Fe de Bogota EL TIEMPO in Spanish on 22 October on page 13A carries a 250-word report on a 21 October guerrilla attack on the Amaceri, Antioquia, electricity plant. The report notes that two dredges at the Antioquia Mining Company could not operate because of the lack of power. The report says that three guerrillas died as a result of Army operations in Huila and Putumayo.

Santa Fe de Bogota EL TIEMPO in Spanish on 23 October on page 9A reports in a 300-word article that in Cocorna Municipality an armed group, apparently a cell of the National Liberation Army, ELN, attacked and killed four persons after forcing them from their homes.

Santa Fe de Bogota EL NUEVO SIGLO in Spanish on 24 October reports in a 90-word article on page 8 that according to reports by military authorities, five guerrillas died in the Departments of Cordoba, Cauca, and Cesar as a result of increased military operations to guarantee the 27 October elections.

Madrid EFE in Spanish at 2331 GMT on 24 October reports that a seminarian died and another five and a policeman were wounded as a result of an ELN attack on the San Jose de Tamara Seminary. The report notes that simultaneously with this attack, Revolutionary Armed Forces of Colombia, FARC, units and Army forces clashed in Limon, Chaparral Municipality, Tolima Department and that as a result of this clash six rebels died.

Santa Fe de Bogota EL TIEMPO in Spanish on 24 October carries a 600-word article on page 12-A that according to reports by military authorities on 22 October, the 12th Front FARC column attempted to take control of Betulia, a town in the center of Magdalena Medio. Three policemen who were guarding the Registrar's Offices were kidnapped by the rebels; their weapons seized. The other 20 police officers, according to the report, escaped after a two-hour clash. The local police garrison was partially destroyed and, on retreat, the rebels cut off energy lines and power transformers, according to the article. In less than one year this 6,000-inhabitant municipality has been attacked by rebels three times.

The report notes that on 23 October the ELN dynamited the Cano Limon-Covenas pipeline on 112 km, in Cubara, between Boyaca and Santander del Norte Department. The report adds that on 22 October, approximately 60 FARC rebels attacked Colonia Penal del Oriente prison in the Acacias mountainous region with rifle fire and submachine guns. The article notes that the rebels abducted three policemen and fled with

two submachine guns, six rifles, five pairs of handcuffs, and 13 grenades, according to the jail warden.

The article reports an attack on 22 October by approximately 100 FARC members on a 4th Brigade antiguerrilla military base in Murindo Municipality between Antioquia and Choco; the exchange of fire lasted nine hours. During this attack six rebels were killed and four captured; four soldiers were wounded.

Santa Fe de Bogota EL TIEMPO in Spanish on 25 October carries a 970-word report on page 11-B by military authorities on clashes with the guerrillas. The report states that on 24 October approximately 120 rebels attacked a seminary in Tamara Municipality, 80 km from Yopal. One seminarian was killed and six were wounded. The report adds that Battalion Caicedo troops, during military operations on 24 October, killed five FARC rebels, seized seven rifles, one revolver, a rocket launcher, and nine grenades in El Limon, Chaparral Municipality, southern Tolima.

The report notes that the FARC's 12th Front released San Vicente de Churuci Mayor Graciliano Lizarazo Arenas, held captive since 18 October. The report adds that House of Representatives candidate Camilo Artega Riascos and his campaign manager Jairo Viveros Chavez, who had been abducted 32 days ago, were freed by the rebels on 24 October. The articles notes that the 4th Brigade reported that on 24 October at noon ELN rebels set up a barricade near the Caldas River bridge, on the Medellin-Bogota highway, harassing travelers and torching one dump truck and two tractors.

The article continues, adding that the 10th Brigade troops stationed in El Bagre Municipality were attacked by ELN rebels as soldiers defused a mined field. The report continues that in Zaragoza Municipality, on the road to Segovia, ELN rebels set fire to two trucks. In Cimitarra, between Antioquia and Santander Departments, 4th Brigade troops clashed with rebels; two soldiers were wounded. The reports adds that, according to General Marino Gutierrez, a 60-man FARC camp was dismantled by his troops, and 15 dynamite sticks and supplies were confiscated. The report ends stating that in Cristalinas, Santa Rosa Municipality, soldiers captured two alleged rebels when they uncovered an arms cache protected by a remote control explosive device.

Paris AFP in Spanish at 0328 GMT on 31 October carries a 150-word report datelined Santa Fe de Bogota, stating that in Barrancabermeja, Santander Department, a lawyer traveling in his vehicle was gunned down by motorcyclists, who were captured after an exchange of fire with police. The reports adds that in Villavicencio, Meta Department, third prosecutor Jesus Abella was also gunned down by motorcyclists; the killers escaped.

Mexico City NOTIMEX in Spanish at 2219 GMT on 26 October reports that the police in Santa Fe De Bogota reported "new clashes taking place in Tolima and Antioquia Departments with five rebels killed and large amounts of war materiel seized."

Santa Fe De Bogota Inravision Television Cadena 1 in Spanish at 0100 GMT on 27 October carries a two-minute report on rebel attacks. The report states that "the Simon Bolivar National Guerrilla Coordination Board set off a dynamite load on the morning of 26 October in San Vicente del Caguan, Caqueta Department, as an ambulance with a wounded person was passing by. One soldier was killed and two medics and the driver were wounded." The report adds that the FARC's 2d Front claimed responsibility for the attack.

The report adds that in San Vicente Municipality, Valle Department, on 26 October "members of the FARC's 6th Front ambushed a police patrol. Two policemen were wounded and one rebel was killed."

Santa Fe de Bogota Emisoras Caracol Network in Spanish at 1200 GMT on 27 October carries a one-minute report on recent clashes between the Colombian Army and rebels. The report states that, on 26 October, in Arauca Department a rebel column ambushed a National Police patrol and killed five policemen and wounded three. The report adds that "in the Mid-Magdalena region, on 26 October, there were intense clashes between the Army's 14th Brigade and FARC rebels. Three rebels were wounded or killed and five were captured."

Santa Fe de Bogota Emisoras Caracol Network in Spanish at 1200 GMT on 29 October carries a two-minute report on ongoing clashes in Caqueta and Casanare Departments. The report states that in La Montanita Municipality, Caqueta Department, "the commander of the Army's 4th Division reports that five rebels have been wounded or killed and two soldiers from the 12th Brigade have been wounded."

Santa Fe de Bogota Inravision Television Cadena 1 in Spanish at 1730 GMT on 29 October carries a two-minute report on rebel activities. The report states that during clashes between the Army and the ELN in San Andres de Sotavento, Cordoba Department, "one Army noncommissioned officer and three rebels were killed." The report adds that one rebel was captured.

Santa Fe de Bogota Inravision Television Cadena 1 in Spanish at 0000 GMT on 30 October carries a two-minute report on several rebel attacks. The report states that on 29 October the ELN blew up the Cano Limon-Covenas pipeline in two places causing pumping to stop. The report adds that in Meta Department on 29 October "the 31st Front of the FARC ambushed a police patrol, killing three policemen and wounding two others."

The same newscast carries another two-minute report stating that the rebels seized on 29 October a helicopter belonging to Lineas Aereas Petroleras. The report states that "the helicopter was seized while it was deploying seismic cables between the Remedios and Yondo Municipalities in Antioquia Department, Mid-Magdalena region."

Mexico City NOTIMEX in Spanish at 1830 GMT on 30 October carries a report stating that on 30 October "an armed commando killed two leaders of the left-wing Patriotic Union party in Granada Municipality, Meta Department." The report adds that one of the dead men, Rafael Moya Hernandez, was the public works secretary of Southern Mesetas Municipality.

Paraguay

Rodriguez Makes Unannounced Trip to Argentina

PY3110155091 Asuncion ABC COLOR in Spanish 30 Oct 91 p 2

[Text] President Andres Rodriguez reported to Congress about his trip abroad on 27 October in a brief note. He did not divulge the official reason for his trip, and a decree entrusting the Presidency to one of his ministers, as specified by the Constitution, was not mentioned.

The Buenos Aires daily CLARIN published a picture of President Rodriguez at the Palermo race track on 27 October. The CLARIN caption read: "This is not the first time President Rodriguez spent a weekend in Buenos Aires to make some 'bets' in Palermo."

Congressional President Gustavo Diaz de Vivar, at the request of the press, showed yesterday the brief note by Rodriguez on his trip abroad.

The note, which was sent to De Vivar, reads: "In compliance with Article 178 of the Constitution, I am honored to inform your excellency that I will be absent from the country for 24 hours on 27 October." The note ends with the customary greetings and Rodriguez' signature.

Article 178 states that the president "can only leave the country for official reasons related to his duties and that he must entrust the Presidency of the Republic to one of the ministers of his cabinet. He will report his decision to the other government branches."

De Vivar said that the presidential note arrived on 25 October before the unexpected trip and that it was not disclosed because it will be officially presented at the Senate in today's plenary session.

De Vivar said: "I received the letter on 25 October. I believe the procedure is quite correct. The president used his day off for a rest outside the country."

Presidential Private Secretary Eladio Loizaga was left in charge of the presidential office during Rodriguez' absence. He said in answer to questions that the executive decree should be read to see what it says. This daily was not able to see the decree.

Police 'Brutally Repress' Marchers, Congressmen

PY0111164691 Asuncion Radio Primero de Marzo in Spanish 1430 GMT 1 Nov 91

[Report by Alfonso Leon]

[Excerpt] Police officials brutally repressed a group of bus drivers who were marching toward this sector at the corner of 14 de Mayo and Paraguayo Independiente Streets. They were walking calmly along the sidewalks without any incident, and were even being escorted by police. The police were maintaining order and the marchers were walking along the sidewalks when they arrived at the corner of Paraguayo Independiente and 14 de Mayo Streets. They were met here by a police water cannon and police officials brutally repressed the demonstrators.

Some congressmen were also at the site of the incident. We saw Carlos Caballero Roig, Carlos Galeano Perrone, and Arnaldo Llorens being knocked about by the very strong jets of water that were directed at this group of marchers. [passage omitted]

Government Blamed for Agricultural 'Crisis'

PY3110171391 Asuncion RPC Television Network in Spanish 2337 GMT 28 Oct 91

[Commentary by Pablo Herken]

[Text] This government of transition may go down in economic history as the government that was able to prevent the type of inflationary process in Paraguay that has affected and is still affecting several Latin American countries. This government may also go down in history, however, as the one that allowed or tolerated—due to inefficiency or irresponsibility—one of the worst crises in the agricultural economy, agricultural production, and the lives of the peasants. Some people believe that agriculture has suffered a fatal wound while others say that agriculture is surviving only with the help of God, but without any future.

It is silly to try to cover up the ugly situation of peasants with the argument that the situation cannot be that bad because the land is being plowed, agricultural work is continuing, and a high yield is being harvested. But, can peasants do anything else? Nowadays, the people who invest in the land continue to lose money; they lose all their capital very quickly. The ones who work the land cannot do a good job and they go heavily into debt, mortgaging their entire future and, in some cases, even putting their families in jeopardy.

This is why the peasants are desperate, discouraged, and bitter, and this is why the agricultural areas are gradually getting poorer. Unfortunately, this situation is not reflected in the volume of production, which is getting a lot of publicity. It is not necessary to be a genius, however, to know that by working at a loss, by not having the means for adequate cultivation, and by selling at low

prices there is no way to have money for good health, education, and housing, and to protect the present and improve the future.

It is painful to say, but it should be said. Unfortunately, President Andres Rodriguez is making the same mistake that Stroessner made: not wanting to see harsh reality for what it is. And his closest advisers do not seem to want to spoil his joy. The idea—do not bring me any problems without solutions—can no longer be accepted in a democratic government that has the responsibility and duty of watching over the people's present and future. It is up to the government to find great solutions to the problems. The government has complete responsibility for the rules of the game.

Let us not do what the ostrich does—hiding its head in the sand—because, in this case, the earth and the suffering people who work on it urgently need the leaders of this country and the entire government apparatus to become concerned with finding an emergency solution to the problems of agriculture and the peasants because the situation is critical. This is necessary for stopping some people from taking advantage of agriculture to live comfortably in the city. Let us prevent what happened in Brazil when the people who welcomed Pope John Paul II in 1980 were hungry and the people who welcomed him in 1991 were starving. There was a sign there saying: Agriculture and its people should not be neglected. Good evening and thank you very much.

Peru

Economy Minister Refinances Debt With Japan

PY3110221491 Lima LA REPUBLICA in Spanish 23 Oct 91 p 10

[Text] Tokyo—Carlos Bolona, economy and finance minister, was able to totally refinance the Peruvian foreign debt with Japan.

Representatives of financial organizations reported that Bolona was also able to get assurances on the $400 million in aid that was committed by Support Group countries.

Bolona and his advisers talked to the local press, expressing satisfaction and gratitude to the Japanese Government because Japan just granted Peru 30 years—and a 10-year grace period—to pay its debt to that country.

All this is the result of intense negotiations here by Minister Bolona between 21 and 23 October.

The Peruvian delegation's agenda included special meetings with the Overseas Clearance Fund [Fondo de Compensacion de Ultramar] and Japan's Imports and Exports Bank.

Bolona was accompanied by Raymundo Morales, negotiator of the Peruvian foreign debt abroad, and Eduardo Valdivia, secretary of the Peruvian Debt Committee.

Tariff Preferences Suspended Until 1992

PY3110212891 Lima EXPRESO in Spanish 23 Oct 91 p A13

[Excerpt] The government has suspended tariff preferences granted through international agreements—such as the Cartagena Agreement—on imported food or foodstuffs until 31 December 1992. The respective government decree—Agriculture Ministry Decree No. 045—was published in the official newspaper yesterday.

The suspension will be in effect until 31 December 1992 and affects fresh and frozen meat and entrails; powdered milk, dehydrated butter, and all forms of cheese; wheat grains—except that used for planting—flour, and food pastes; and corn, rice, sorghum, soybean oil, fats, and sugar.

The government said the measure was necessary because Peruvian agriculture is in state of emergency due to the drought that affected the entire territory "at the same time the program of economic stabilization corrected price distortions, which caused internal production costs to increase."

The government also cited a deceiving foreign exchange rate and that farmers were hurt by "an overvaluation of the national currency that does not reflect an adequate relation between internal and externals costs." [passage omitted]

Coca Growers Criticize Antidrug Accord, Policy

PY3111234691 Lima LA REPUBLICA in Spanish 22 Oct 91 p 8

[Text] Farmers of the central-eastern region of the country (Caceres, Ucayali, and San Martin) have charged that the antidrug agreement and the government's antidrug policy have been designed and approved behind the backs of coca growers. They added that discrimination has been justified on the grounds that farmers are "valid interlocutors." They demanded that economic aid for development and replacement of coca farms be channeled without intermediaries.

To this end, farmers demanded the introduction of all necessary changes in the ongoing plans "in order to guarantee" that the funds intended for promoting development in this important region, and especially for replacing coca farms, are channeled to peasants and their representative organizations without intermediaries.

During the first convention of farmers of the eastern-central region, approximately 120 delegates expressed surprise at the absence of Roberto Tronco and Teresa Caceres—Freedom and Democracy Institute representatives—and Dr. Ricardo Soberon, of the Andean Commission of Jurists, who were invited to the meeting.

Our correspondent in Tingo Maria, Eladio Arcaya Alanoca, reports that the convention was organized by the Leoncio Prado Provincial Council and that it has received expressions of support.

Letter Clearing Garcia 'Delayed' Two Months

PY3110204491 Lima LA REPUBLICA in Spanish 22 Oct 91 p 9

[Excerpts] A letter from Dassault Aviation, manufacturers of Mirage planes, addressed to Deputy Fernando Olivera was inexplicably delayed at the Foreign Ministry from 7 August this year until 14 October, that is, until one day before the debate on whether or not to strip former President Alan Garcia of his constitutional privileges.

The letter is dated 10 June 1991. In it, the French manufacturers answer a request made by Deputy Olivera on 8 February for information on the 26 Jupiter contracts involving the purchase of Mirage 2000 planes and amendments to the contract.

Dessault says in the letter: "The equipment that was being manufactured and that was canceled, as mentioned above, was not identifiable as such on the line of production, and at no time was it transferred to the Peruvian Government."

Dessault adds that, for that reason, Article 25 of the sales contract referring to the cession of materials, the object of the contract, to the client was not applicable.

The manufacturers emphasize in their letter that "no Mirage 2000- type plane was sold to Iraq by our companies, or by the French Government, , or by any other government or firm."

The French firm recalled that its companies cannot give information (beyond what is public knowledge) on their military markets without previous authorization by the French Defense Ministry. [passage omitted]

Senator Enrique Bernales, of the socialist bloc, asked that the Senate formally demand that the Foreign Ministry issue a detailed report explaining the delay in acknowledging the existence of the letter, because it contained important information in the case affecting former President Alan Garcia.

Defense Charges Accuser 'Lied'

PY3110205091 Lima LA REPUBLICA in Spanish 23 Oct 91 p 10

[Excerpt] Deputy Jorge del Castillo charged last night that his colleague Fernando Olivera received the documents affecting the purchase of Mirage planes on 19 August and not on 17 October as he has said publicly.

The defender of former President Alan Garcia showed a full Chamber of Deputies the Foreign Ministry note indicating that Marcel Dessault's letter was handed to Deputy Olivera at his office on 19 August.

Castillo charged that Olivera lied and hid the document on purpose to hinder Garcia's defense.

Marcel Dessault's letter says there was nothing wrong or irregular in the cancellation of the Mirage planes' purchase. This assertion clears the former president of any wrongdoing in the alleged deal. [passage omitted]

Venezuela

Energy Minister Comments on Power Projects

PA3110182991 Caracas Venezolana de Television Network in Spanish 1550 GMT 28 Oct 91

[Interview with Energy Minister Celestino Armas by Jenny Silva on the 22d meeting of the Latin American Energy Organization, in Caracas—live]

[Text] [Silva] We have here with us Energy Minister Celestino Armas. Welcome. President Carlos Andres Perez has stated that very important agreements could be reached at this meeting. What are the chances of creating or implementing the interconnecting power plan that extends from Mexico to Venezuela and includes Central America and the Caribbean? What is the status of this plan and when will this important program definitely be implemented?

[Armas] I think that during today's meeting and until 30 October, all the tasks that the Latin American Energy Organization [OLADE] has been undertaking will be assessed, in particular what has been done during the past three to four years. There will be an evaluation of the central issues of the past two years, such as the integration process, from an energy point of view. This has to do with the progress of the power interconnections plan that is being implemented over the length of the hemisphere. Regarding these power interconnections, at the top of the list is the initiative of the Group of 3 [G-3], which is comprised of Colombia, Mexico and Venezuela. For the past year we have been studying programs that include the following interconnections: between Venezuela and Colombia, between Costa Rica and El Salvador, and between Guatemala and Mexico. This process is going to be continued until we achieve power integration for all the nations in the G-3 region. In addition, we are also going to study other interconnections—on a hemispheric level—such as those that exist between Peru and Chile and the gas interconnections, for example, that exist between Chile and Argentina, just to mention a few of the larger projects. In all of these projects, OLADE has served as the executive secretariat and this is why we can now say that we have made great advances, we have human resources and an available budget, which is the result of the trust in OLADE of the nations that comprise this organization. This has been an important factor in the progress of these projects.

[Silva] Due to the scope of the project, this electrical interconnection would greatly benefit all the countries of the region. Although the G-3 countries are primarily

involved, Central America and the Caribbean would be incorporated. Would Venezuela supply this energy? How would Venezuela ensure payment in return for the energy sold?

[Armas] In the specific case of Venezuela and Colombia, where Venezuela would supply the energy, each of the two countries would build its corresponding part of the network to uniform standards we have agreed upon so energy can be transferred from Venezuela to Colombia and eventually from Colombia to Venezuela. This project, which is financed by the IDB and in which each country will invest approximately $20 million, has been conceived as a purely commercial project to make it possible to amortize the capital, recover the investment, and, of course, collect payment for the electrical energy sold at international prices. In the case of Central America, a certain situation arises. Several of these countries generate their own hydroelectric energy. We are in the process of interconnecting all these systems so, when and if a power failure takes place in any one of these countries, the affected country can be supplied from the other countries.

This is the part that deals with electrical interconnection. We are also working on developing new coal beds, a very important source of energy. Colombia produces more than 14 million tons per year. Although Venezuela has been producing 1.5 million tons yearly, there are plans to produce approximately 10 million by the year 1996. Finally, Mexico would help finance the project as well as serve as the market. The country has plans to install two large thermoelectric plants during this decade and intends to be supplied with high quality coal from Colombia and Venezuela.

[Silva] Would Venezuela increase its coal production so it can supply it to Mexico?

[Armas] Not only Mexico. We have our own expansion program, which includes exporting to the United States, the Caribbean, and Europe. By the way, I have insisted on something I discussed earlier with friends on Mexican television. Coal should be incorporated more strongly into the framework of the San Jose Agreement. There will come one day when Colombia, with its great coal production potential and its existing oil-exporting capacity, will become the third member of the San Jose Agreement. This way, Colombia will share with Mexico and Colombia [as heard] this great responsibility of ensuring the supply of energy for the Caribbean and Latin America.

[Silva] Would this Colombian participation be governed by the San Jose Agreement, as is done in the area of hydrocarbons?

[Armas] That is the way it will have to be. The procedure would involve the construction of processing facilities for the generation of electrical energy through high quality carbon. A percentage of these sales would be financed under easy terms for the less developed countries in our region.

[Silva] Finally, what would be the most important conclusion to be reached during this OLADE meeting?

[Armas] I believe that two or three of the subjects to be discussed will have international repercussions. The first deals with handling the foreign debt related to the electrical power sector of the continent. This debt, estimated at more than $100 billion, is one of the obstacles in the way of extending coverage of the electrical system throughout the region. We have the presence of the World Bank and the IDB, the delegates of which are attending these meetings. I believe that we will find mechanisms to alleviate the financial burden of the electrical energy generating industries, including ours, to increase coverage of the electrical system, which in turn would result in a higher standard of living for our fellow countrymen and the business sector.

I believe another important subject we will discuss is the possibility of reaching a consensus on environmental problems. Developing countries should not be burdened with the damage that is being inflicted on the environment. On our continent, the harm done to the environment is not inflicted through the use of energy, but by hunger, which leads to destroying a large number of trees, all of which results in environmental damage. Consequently, we must improve the economic situation of our population. The third point, which I consider very important, is that this continental meeting will very likely lead to backing the initiative of President Perez to have producers and consumers talk to guarantee smooth communication between exporters and importers. This would in turn guarantee the flow of financing and the development of all of Latin America's energy potential.